Big enough to dare, small enough to care

Annual Report 2008

Constantia
Packaging

Big enough to dare, small enough to care

Our values lead us to think not simply in terms of "either/or", but to examine two apparently contradictory approaches and look for commonalities that can lead to "and".

We focus on future- and profit-oriented growth
Our partner-oriented approach aims to create profits and stability. This ensures long-term growth and financial independence and also safeguards the jobs of our employees.

We create added value
Our customers are buying the benefits and advantages provided by our products and services. Our business approach is based on creating benefits and advantages; thus we are constantly producing added value.

We work together on the basis of mutual respect
Every employee makes an important contribution to the success of our company, regardless of the level or area of his job. We treat one another with respect, rewarding performance with immediate and active recognition.

We value and support our employees
Our employees are our most critical success factors and resource. As a top company, we expect top performance and are prepared to give more to get it. We provide excellent basic and advanced training and are always prepared to help in challenging situations.

We practice openness and trust
Open and honest communication is a prerequisite for creating an atmosphere of mutual trust. We are open to one another and learn from mutual feedback. Differences of opinions lead to better solutions.

We act responsibly
We are aware of the importance and impact of our actions, and accept responsibility for the consequences. We learn from our mistakes. We are committed to environmental sustainability.

We are courageous
It takes courage to implement a culture of continuous change that fosters innovation. Self-initiative and the will to act are important ingredients. We dare to try new things, yet also have the courage to say no if we feel that the risks are disproportionately high.

Key figures for the Group

Key figures for the Group (€ millions)	2008	2007[1]	Change (%)	2006	2005	2004
Total sales	2,080.8	1,565.8	32.9	1,056.2	991.6	945.0
Aluminum sales	781.9	223.9 [2]	-	-	-	-
Corrugated Board sales	334.6	327.7	2.1	290.8	247.3	235.2
Flexible Packaging sales	1,025.8	1,028.6	(0.3)	766.3	745.1	710.6
EBITDA	290.0	243.1	19.3	139.5	136.7	131.7
EBITDA margin (%)	**13.9**	**15.5**	-	**13.2**	**13.8**	**13.9**
EBIT	176.8	149.7	18.1	85.6	82.7	78.8
EBIT margin (%)	**8.5**	**9.6**	-	**8.1**	**8.3**	**8.3**
EBT	133.6	143.4	(6.9)	82.8	78.5	69.7
EBT margin (%)	**6.4**	**9.2**	-	**7.8**	**7.9**	**7.4**
Consolidated net income (excluding minority interests)	75.0	90.9	(17.5)	50.2	45.7	37.7
Total assets	2,070.3	1,859.3	11.3	915.6	855.3	747.6
Equity	811.1	516.1	57.2	352.3	309.6	258.1
Equity ratio (%)	**39.2**	**27.8**	-	**38.5**	**36.2**	**34.5**
Debt	1,259.2	1,343.3	(6.3)	563.3	545.6	489.4
Capital expenditures	125.2	103.8	20.6	91.6	71.9	76.1
Depreciation (excluding goodwill amortization)	113.2	93.4	21.2	53.9	52.9	45.1
Average annual number of employees	8,241	8,354	(1.4)	6,154	5,631	5,203
ROCE (%)	10.1	14.9	-	11.7	12.5	13.0
ROE (%)	14.9	25.5	-	18.7	20.4	20.1
Gearing (%)	56.4	116.6	-	83.3	87.0	86.9

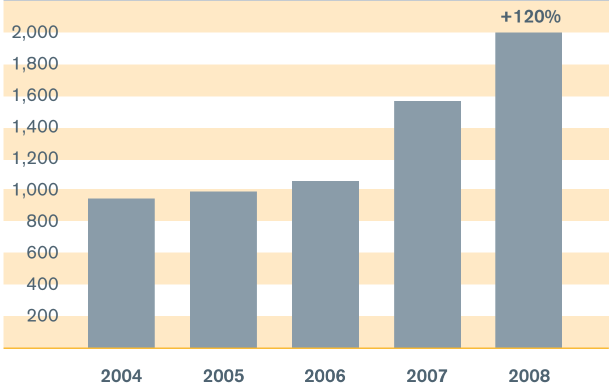
Stock market data (€)	2008	2007[1]	Change (%)	2006	2005	2004
High	52.40	56.50	(7.3)	38.50	36.50	20.75
Low	19.75	37.20	(46.9)	30.92	20.50	13.50
Close	22.20	50.10	(55.7)	37.55	33.00	20.50
Annual average	41.51	49.46	(16.1)	35.46	29.49	18.84
Earnings per share	4.47	5.41	(17.4)	2.99	2.72	2.25
P/E ratio	4.97	9.26	46.2	12.53	12.13	9.11
Dividend per share	1.20+0.20[3]	1.00+0.20	16.7	0.80	0.78	0.68
Dividend yield (%) (based on average annual price)	3.37	2.43	-	2.26	2.64	3.61
Shares outstanding	16,800,000	16,800,000	0.0	16,800,000	16,800,000	16,800,000

[1] Partially adjusted to purchase price allocation AMAG according to IFRS 3
[2] AMAG sales in the fourth quarter of 2007
[3] Proposed to the Shareholders' General Meeting: €1.20 and a bonus of €0.20

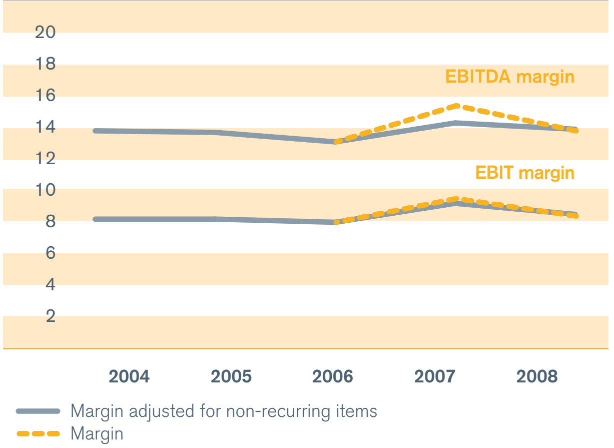
Five-year results

Change rates (%) for 2004 – 2008

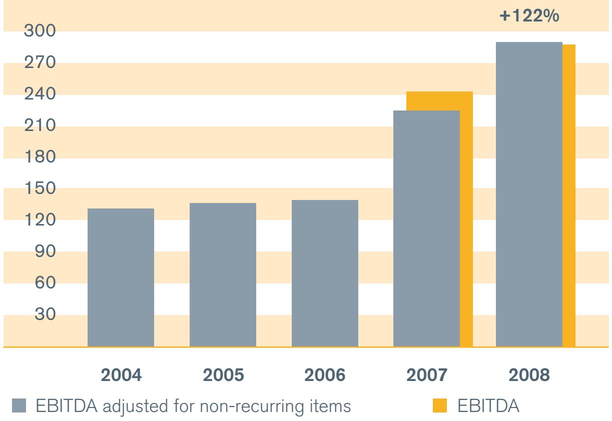
Sales (€ millions)



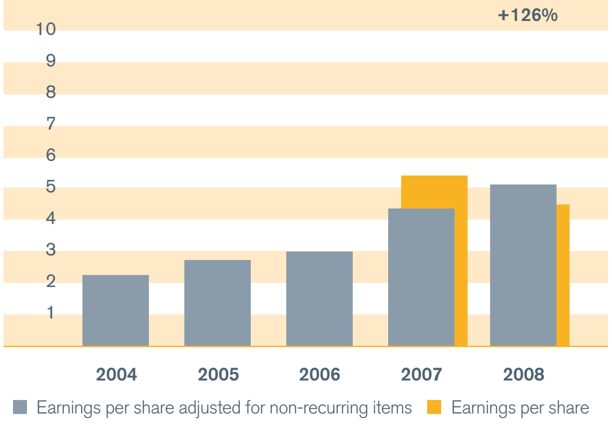
Margins per year (%)



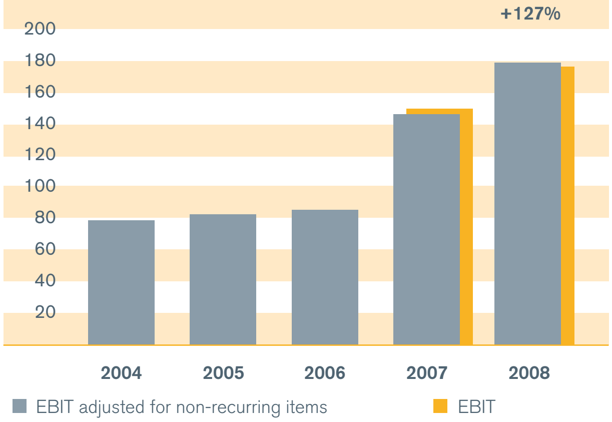
EBITDA (€ millions)



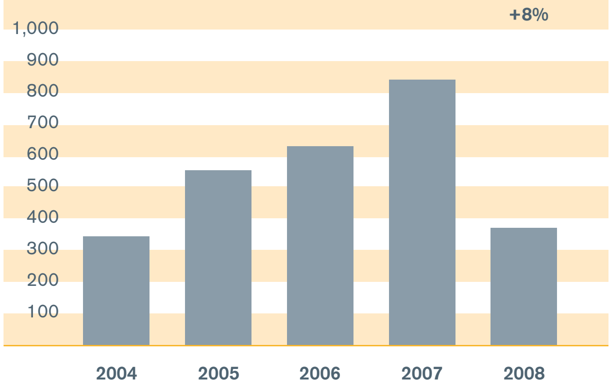
Earnings per share (€)



EBIT (€ millions)



Market capitalization (€ millions)



Contents

Constantia Packaging – Overview

Constantia Packaging

AMAG Austria Metall AG

73.45%
Primary aluminum
Casting
Rolling

Constantia Duropack

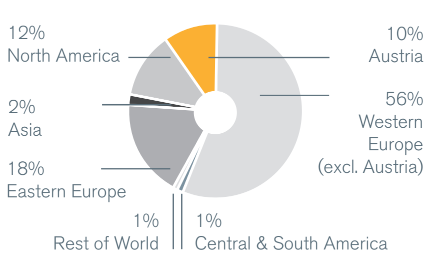
100%
Base paper
Corrugated board

Constantia Flexibles

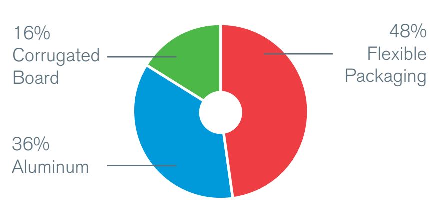
100%
Dairy & Food
Pharma & Film
Labels

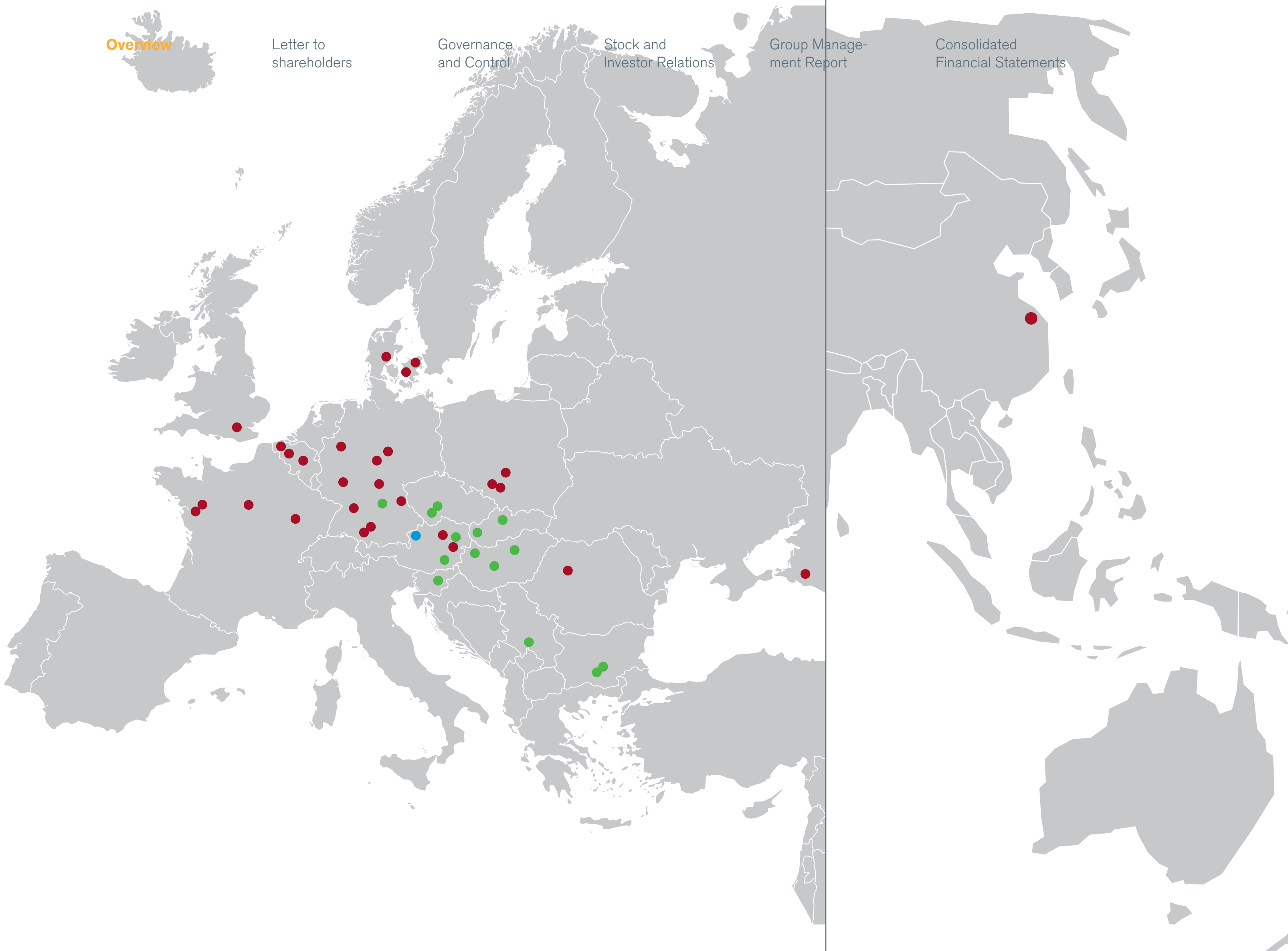
Constantia Packaging AG is a publicly listed Austrian strategic management holding, investing in industrial companies and related services. Constantia Packaging AG's stock is listed on the Prime Market of the Vienna Stock Exchange.

Consolidated sales 2008 by region



Consolidated sales 2008 by segment

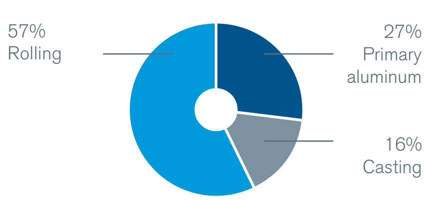




Aluminum
Leading European supplier of premium aluminum products

2 production facilities in 2 countries

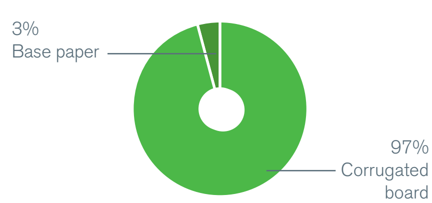
Segment sales 2008 by division



Corrugated Board
Strong in Eastern and Southeastern Europe

14 production facilities in 8 countries

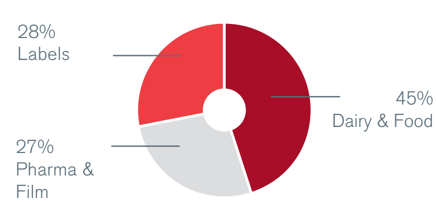
Segment sales 2008 by division



Flexible Packaging
Global partner with European roots

33 production facilities in 13 countries

Segment sales 2008 by division



Letter to shareholders

Dear shareholders,

2008, an eventful year, is now behind us. After more than five years of steady growth, the global economy and capital markets experienced a trend reversal in mid-2007 as the first signs of a mortgage, real estate and financial crisis emerged in the United States. Against a backdrop of capital market volatility, economic growth gradually began to contract in the last quarter of 2008. Following the bankruptcy of a once renowned U.S. investment bank, equity markets quickly tumbled. In the fourth quarter of 2008, the considerable uncertainty manifested by institutional and private investors worldwide caused businesses to cut back sharply on their capital expenditures, which led to a decrease in private consumption. The looming recessionary threat had become a reality.

Governments and governmental organizations around the world have since responded with massive support measures for the financial sector and cyclical key industries, such as auto manufacturers and their suppliers, in order to sustain employment and buoy the economy through infrastructure spending. For now, no one can predict when the current downturn will bottom out or what the new economic landscape will look like.

Let us now turn to Constantia Packaging AG. The Group, which has been built up in keeping with the entrepreneurial spirit and foresight of its founder, began acquiring companies in diverse sectors as far back as the 1960s. The goal was always to make highly innovative investments in attractive business segments that offer sustained customer demand and a broad regional presence. Thus in 1969 Constantia Industrieholding AG was formed, in 1986 it placed a partial public offering on the Vienna Stock Exchange, and in 1994 its packaging businesses were spun off under the name Constantia Packaging AG. At the time, the company had approximately 3,500 employees and sales of nearly €350 million. By the time of the euro's launch in 2002, the Group had grown to 4,700 employees and sales of more than €800 million.

Last year, Constantia Packaging AG recorded record sales of €2,080.8 million and a solid 8.5% EBIT margin, with 8,241 employees at 49 sites. The Group's steady growth is also reflected in a continuous, rising dividend payout to shareholders since 1986.

Today, Constantia Packaging AG is positioned as an Austrian strategic management holding company investing in industrial and related services companies. We strive to achieve sustained growth in earnings and value, based on a sound balance sheet and measured risk diversification. Consistent with our motto "Big enough to dare, small enough to care", we take advantage of opportunities by forging inclusive business partnerships.

2008 was a very good year, as we recorded new all-time sales and earnings highs despite an increasingly difficult market environment. Sales rose to €2,080.8 million, with Western Europe accounting for 56%, Central and Eastern Europe 18% and Austria 10%. Our business portfolio consists of three solid pillars, the Aluminum segment providing 36% of Group sales, the Corrugated Board segment 16% and Flexible Packaging 48%. With AMAG sales, just over one-third of revenue is generated in medium cyclical businesses, while two-thirds are generated by the

Dr. Hanno M. Bästlein

Corrugated Board and Flexible Packaging segments, both serving defensive markets comprising customers in the beverage, food and pharmaceutical sectors. Following the final purchase price allocation for the AMAG acquisition, extraordinary income was reduced in 2007 by a total of €15.9 million net income and €10.5 million EBIT and EBITDA. Operating income (EBIT) rose by 18% to €176.8 million, representing an 8.5% EBIT margin. Also noteworthy was the fact that all segments recorded EBIT gains. Adjusted for non-recurring items, EBIT totaled €179.2 million in 2008, up 23% from €146.2 million the previous year. Consolidated net income before minority interests fell from €110.8 million in 2007 to €99.2 million last year. Net income totaled €75.0 million, compared with €90.9 million in 2007. Adjusted for non-recurring items, net income rose by 18% from €72.4 million in 2007 to €85.4 last year. Earnings per share totaled €4.47 last year, compared with €5.41 in 2007. After adjusting for non-recurring items, earnings per share totaled €5.09 last year, up from €4.31 in 2007. We will propose an increased dividend of €1.20 per share plus €0.20 bonus to the Shareholders' General Meeting, compared with last year's €1.00 dividend plus €0.20 bonus. This proposal would provide a dividend yield of 3.37%, up from 2.43% in 2007, based on the average share price for the year. Following the issuance of a profit participation bond with a nominal amount of €250 million, which qualifies as 100% equity under international accounting standards, the Group's net debt fell by 24% from €602.0 million to €457.6 million, and the equity ratio rose from 27.8% in 2007 to 39.2% last year.

How did our businesses perform in the three segments? The markets for cast and rolled aluminum products held up well in the first half of the year, although they experienced significant weakness in the latter months, notably in the high-consumption and cyclical construction, automotive and automotive supply sectors. Given the sharp fall in aluminum prices, AMAG's sales fell to €781.9 million last year. Fortunately, EBIT nevertheless rose to €80.2 million, representing a very satisfactory 10.3% EBIT margin.

The economic downturn also affected the Corrugated Board segment in all its markets, as demand barely rose at all in Austria and Germany, and the pace of growth slowed in the new EU countries of Central and Eastern Europe. Last year, corrugated board base paper prices fell by more than 25% from their 2007 highs. Duropack nevertheless managed to increase its sales by 2% to €334.6 million and its EBIT by 2% to €29.7 million, resulting in a good 8.9% EBIT margin.

The Flexible Packaging segment's markets remained buoyant despite the significant economic weakness, although they did contract from their record levels in 2007. The relatively stable demand in the defensive and less cyclical sectors such as beverages, food and pharmaceuticals was particularly satisfactory. Sales remained essentially unchanged at €1,025.8 million, while EBIT rose by nearly 10% to €88.1 million, representing a solid 8.6% EBIT margin.

In October, Constantia Packaging B.V. increased its equity investment and voting rights in Constantia Packaging AG from 81.7% to more than 90%. In 2009, Constantia Packaging B.V. plans to sell an equity interest of up to 29.9% through a private placement. Given the media reports about Constantia Privatbank AG, it should be noted here that no business ties, reciprocal receivables, payables or commitments have existed or exist between Constantia Packaging AG on the one hand and Constantia Privatbank, the Immofinanz/Immoeast Group and other related parties on the other.

Where do we go from here? The overall economic situation in 2009 will clearly be the most challenging in many years for both the financial and the real markets. All of the economic research institutes are forecasting a major global recession, which will affect the highly developed, i.e. saturated, North American and Western European markets. Constantia Packaging AG generates two-thirds of its sales with customers in such defensive markets as food, beverages and pharmaceuticals. AMAG is addressing its greater cyclical dependence by focusing on premium products for a wide range of applications. Given our positioning along these lines, we are cautiously optimistic and look forward to the future.

Through a broad-based customer survey conducted last year, as well as in-depth discussions with selected customers during our strategic fall retreat, we have identified the key challenges for the future. They include an even greater focus on the highest possible quality, as well as long-term-oriented and joint product development programs integrated within the production processes of our key customers.

Our strategy is clearly summed up by the following points: developing our technological and innovative leadership, creating benefit for our customers, building on our market share in premium segments and stringent portfolio management.

We are preparing for the future on the basis of these guiding principles, which we will continue to pursue. In our Executive Committee, we are discussing common Group-wide initiatives and synergies along with the chief executive officers of our respective business segments. These common projects include standardizing the IT architecture, pooling resources in the energy, logistics and metal trading areas and developing management talent. The projects for our annual Group-wide Innovation and Social Award contest are also handled within these circles – in a word: “Big enough to dare, small enough to care”.

At the end of 2008, Helmut Schwager’s term on the Executive Board came to an end, just a few weeks after he turned 65. He decided not to extend his Board term. Since 1969, he has served the company in a variety of positions, most recently as Chief Financial Officer since 1994. Through his considerable commitment he has made a significant contribution to the Group’s growth. We would like to thank him on behalf of all the employees and wish him well for his retirement.

We would also like to thank our customers, suppliers, business partners and shareholders for their trust and extraordinary teamwork, as well as all our employees for their efforts and exemplary contributions. Together we will guide Constantia Packaging AG through the turbulent economic times, so that our company remains true to shared values while creating value, thereby making it an enjoyable place to work.

Sincerely,

Dr. Hanno M. Bästlein

Vienna, March 2009

Governance and Control Mission and strategy

Our mission

Constantia Packaging AG is a publicly listed Austrian strategic management holding, investing in industrial companies and related services.

Constantia's success is based on innovation, efficiency and an active asset and portfolio management. Operational responsibilities are consequently decentralized as financial governance is strictly centralized.

Constantia seeks to achieve long-term growth in earnings and company value, based on a sound balance sheet and a proper risk diversification.

Our motto

"Big enough to dare, small enough to care" conveys the message that it is possible to reconcile what appears to be an "either/or" approach with one that is inclusive and emphasizes the "and" component. Our employees make this possible, as evidenced by our company philosophy:

- **"We dare and we care":** We work on long-term projects with multinational corporations, e.g. aviation, automotive, food, beverage and pharmaceutical companies, and at the same time we are able to satisfy more than 10,000 individual customers by addressing and solving their specific, even small needs.
- **"We are big and small":** With 8,200 employees at 49 facilities in 19 countries, we are a European player with global activities, and thanks to our proven partnership model we are also an attractive partner for owner-operated companies seeking future-oriented solutions for growth, succession and equity investment.
- **"We are focused and diversified":** Our consistent focus on premium products provides us with leadership positions in our respective market segments, and at the same time we have a broad, high-value range of products and services to satisfy the most diverse sectors and customer needs.
- **"We are strong and flexible":** In our main markets, we are a leading provider offering innovative technologies and we are flexible enough to offer our customer specific products customized to their needs in terms of quantity, delivery deadlines and service.
- **"We are changing and we are stable":** We strive to stay ahead of trends and take the initiative, if we foresee changes in the overall business environment, and we can withstand cyclical fluctuations thanks to our broad product range, which generally covers basic needs.

Our strengths

Providing a solid foundation for our mission is our major strength, with which we seek to convince our customers and investors:

- **Leading position in defensive market segments with low cyclicality:** In the Aluminum segment, we see long-term growth potential driven by new applications that substitute aluminum for steel and other materials, as well as aluminum's 100% recyclability. Corrugated board products are also entirely recyclable, and benefit from still low per capita consumption in our key CEE markets and from the long-term growth in global trade. The sustained demand for flexible packaging – which is up to 75% recyclable – is driven by rising living standards and the emergence of new middle classes in developing countries, as well as by demographic trends such as longer life expectancy, smaller households and thereby greater product variations and quality.

- **Strong technology and innovation driver:** For years, we have worked closely with multinational corporations on joint product developments. Well-established continuous productivity/improvement programs exist in all segments, and approximately one-fifth of all flexible packaging products are less than three years old. Based on customer surveys and in-depth discussions with selected customers, we consistently focus on customer needs through innovation and identify long-range joint product developments.

- **Leading market positioning for premium products through innovations:** In the Aluminum segment, we are a leading supplier of semi-finished aluminum products and operate Europe's largest aluminum recycling plant. In the Corrugated Board segment, we have top positions in countries in Central, Southern and Eastern Europe. In the Flexible Packaging segment, we are a leading European supplier, ranking 1st or 2nd in our respective markets, and we are a key supplier to the food, beverage and pharmaceutical industries.

- **Attractive customer portfolio:** We develop long-term, successful joint projects with multinational customers as well as with local, mid-size companies across a balanced sector mix that includes companies in the food, beverage, pharmaceutical, sports, transportation, aviation and automotive industries.

- **Successful acquisitions:** Since 2000, we have successfully integrated more than 10 acquired companies with more than €1.5 billion in sales. Our partnership model offers future-oriented solutions for business owners dealing with succession, growth and risk management challenges and seeking new expansion opportunities.

Our strategy

- **Development of technological and innovation leadership:** We strengthen the competitive advantages of our customers by providing them with innovative solutions. We will step up our collaboration with the aviation industry as a leading certified supplier, and expand our technological leadership in bright products. With our "dedicated plants" model, we optimize operating processes by creating product competency centers at the facilities, without sacrificing our product differentiation. For all segments, we focus on sophisticated products such as aircraft parts, specialty corrugated board packaging for heavy goods or blister packaging incorporating holographic brand names.

- **Creating benefit for our customers:** We continue to solidify our position as a key supplier to multinational customers and accompany our top customers into their growth markets (e.g. South America, Central and Eastern Europe, Russia, Asia). We create added value for customers through customized solutions with short delivery times, and continue to work with our customers proactively on product development.

- **Increasing market share in premium segments:** We strive to generate sustained, profitable organic growth in our business segments, complemented by targeted acquisitions. In our premium market segments, we are further developing our innovative leadership. By continuously optimizing our organizational structure, we take full advantage of our size, scope and diversification.

- **Stringent portfolio management:** We continue to implement our successful, value-oriented acquisition policy based on our proven partnership model. We aim to make majority acquisitions in owner-operated companies while consistently streamlining our business portfolio to eliminate non-core businesses. We use our business approach, which is marked by the culture of a family-owned company, as a clear competitive advantage.

Corporate Governance

The Austrian Corporate Governance Code is a voluntary, self-regulatory initiative that brings a high degree of transparency to all Austrian capital market participants. It complements the legal requirements for a stock corporation. The code fosters responsible corporate governance and control focused on long-term value creation. For years, Constantia Packaging AG's strategy has been to add value through sustainable and long-term growth. We are committed to responsible management and control of the Constantia Packaging Group. Strict principles for good management are an essential part of this strategy. Some of the corporate governance principles defined in the code have been part of our corporate culture for many years. They promote adding value and building trust with investors.

The current version of the Austrian Corporate Governance Code (January 2009) is available at www.corporate-governance.at.

Commitment to Corporate Governance

The Austrian Corporate Governance Code is based on the rules of the Austrian Stock Corporation Law, the Stock Exchange Law and the Capital Markets Law as well as OECD corporate governance guidelines. The Code gains validity through voluntary compliance by companies. The Supervisory Board and Executive Board of Constantia Packaging AG pledge to uphold the Austrian Corporate Governance Code and agree to comply voluntarily.

The rules of the Austrian Corporate Governance Code can be divided into three categories. L-Rules (Legal Requirement) pertain to compulsory legal regulations and must be applied by Austrian listed companies. C-Rules (Comply or Explain) require justification if they are not followed. The following list includes the C-Rules not followed by Constantia Packaging AG along with the corresponding justifications. R-Rules (Recommendation) are purely recommendations and do not require disclosure or justification if they are not followed.

Deviations from C-Rules

For the following C-Rules, Constantia Packaging AG has chosen not to adhere to the provisions of the January 2009 version of the Austrian Corporate Governance Code, and provides the following justifications:

Rule 16

With the departure of Helmut Schwager, the Executive Board temporarily consists of only one person.

Rule 31

Compensation for each Executive Board member and the contractual terms are not published individually. The company does not believe that the disclosure of individual compensation information is relevant for the readers of the financial statements. This information remains solely at the discretion of the Executive Board members involved.

Rule 51

Compensation for each Supervisory Board member is not published individually. The company does not believe that the disclosure of individual compensation information is relevant for the readers of the financial statements. This information remains solely at the discretion of the Supervisory Board members involved.

Rule 83
The risk management operations were not part of the year-end audit conducted by the independent auditor.

Composition of the Executive Board
The Executive Board temporarily consists of only one member.

Hanno M. Bästlein
Born: 1963
First appointed: April 1, 2006
Term: March 31, 2012
Supervisory Board mandates or comparable responsibilities in other domestic and foreign companies not part of the consolidated Group: none

Composition of the Supervisory Board
As of December 31, 2008, the Supervisory Board comprised seven members elected by the Shareholders' General Meeting. Guido Schmidt-Chiari, the longstanding Chairman of the Supervisory Board, stepped down on December 23, 2008. He was succeeded by Rainer Zellner.

Rainer Zellner
Born: 1947
Chairman of the Supervisory Board
First appointed: May 27, 2003
Term: 2009 Shareholders' Ordinary Meeting
Supervisory Board mandates or other comparable duties in domestic or foreign listed companies: none

Wolfgang Pfarl
Born: 1944
Deputy Chairman of the Supervisory Board
First appointed: May 15, 2008
Term: 2010 Shareholders' Ordinary Meeting
Supervisory Board mandates or other comparable duties in domestic or foreign listed companies: none

Christine de Castelbajac
Born: 1946
First appointed: March 18, 1994
Term: 2009 Shareholders' Ordinary Meeting
Supervisory Board mandates or other comparable duties in domestic or foreign listed companies: none

Günter Cerha
Born: 1942
First appointed: May 15, 2008
Term: 2010 Shareholders' Ordinary Meeting
Supervisory Board mandates or other comparable duties in domestic or foreign listed companies: none

Alfred Fogarassy
Born: 1942
First appointed: May 28, 2002
Term: 2009 Shareholders' Ordinary Meeting
Supervisory Board mandates or other comparable duties in domestic or foreign listed companies: none

Herbert Krejci
Born: 1922
First appointed: March 18, 1994
Term: 2009 Shareholders' Ordinary Meeting
Supervisory Board mandates or other comparable duties in domestic or foreign listed companies: none

S. D. Prinz Michael von und zu Liechtenstein
Born: 1951
First appointed: March 18, 1994
Term: 2009 Shareholders' Ordinary Meeting
Supervisory Board mandates or other comparable duties in domestic or foreign listed companies: none

Independence of Supervisory Board members

Of the seven Supervisory Board members, the following qualify as independent pursuant to Rule 53 of the Austrian Corporate Governance Code and meet the criteria for independence set by the Supervisory Board:

- Rainer Zellner
- Wolfgang Pfarl
- Christine de Castelbajac
- Günter Cerha
- Alfred Fogarassy
- S. D. Prinz Michael von und zu Liechtenstein

Therefore, at least two-thirds of all the company's Supervisory Board members are independent.

In accordance with the criteria established by the Supervisory Board, a member is considered to be independent if he or she has no business or personal ties to the company or its Executive Board that would represent a material conflict of interest and therefore be susceptible of influencing the member's behavior. Factors prejudicial to this independence include any form of compensation for services provided other than Supervisory Board functions, close family ties to members of the Executive Board or top management, the exercise of Executive Board or control functions as an independent auditor during the past five years at the company or one of its subsidiaries, Supervisory Board membership exceeding 15 years except in cases where the member represents the interests of a shareholder, and Executive Board functions in a non-Group company that has a Supervisory Board member who is a member of the Constantia Packaging AG Executive Board.

Of the seven Supervisory Board members, the following qualify as independent pursuant to Rule 54 of the Austrian Corporate Governance Code, since they do not represent the interests of shareholders with an equity interest of more than 10%:

- Rainer Zellner
- Wolfgang Pfarl
- Günter Cerha
- Alfred Fogarassy

Supervisory Board committees

The Supervisory Board typically exercises its duties through plenary meetings, as long as individual matters are not assigned to committees.

The Supervisory Board may at any time create other committees from among its members for the purpose of preparing its negotiations and decisions, monitoring the execution of its decisions or making decisions separately with respect to specially designated matters. A committee must include at least two Supervisory Board members.

At present, the Constantia Packaging AG Supervisory Board has established the following committees:

Praesidium

- Rainer Zellner
- Wolfgang Pfarl

The Praesidium serves as a direct contact for the Executive Board and usually meets on short notice and at non-regular intervals as needed to address pending matters. The discussions involve current business transactions of material significance.

Audit committee

- Rainer Zellner
- Wolfgang Pfarl
- Günter Cerha

The Audit Committee exercises its legally prescribed duties (§ 92 para. 4a of the Stock Corporation Law, AktG), in particular monitoring financial reporting processes, controlling and monitoring the independence of the independent auditor, auditing the parent company and consolidated financial statements, establishing a proposed profit appropriation, and monitoring the effectiveness of the company's internal audit and risk management systems.

Personnel and Compensation Committee

- Rainer Zellner
- Wolfgang Pfarl
- Christine de Castelbajac
- Alfred Fogarassy

The Personnel and Compensation Committee submits proposals to the Supervisory Board to fill vacancies on the Executive Board and addresses matters involving compensation for Executive Board members as well as employment contract terms with Executive Board members and succession planning involving the Supervisory Board itself.

Operating methods of the Executive Board and Supervisory Board

The Supervisory Board is responsible for monitoring the Executive Board's management and representation of the company, and may compel the Executive Board to report on company matters at any time. The Executive Board provides the Supervisory Board with timely information on the business situation of the entire Group as well as the individual subsidiaries, with all key figures from the company's internal reporting, presented to the Supervisory Board on a monthly basis.

The Supervisory Board has issued guidelines for itself and the Executive Board that set forth — consistent with the provisions of the Austrian Stock Corporation Law and the company's by-laws — a list of business matters requiring prior approval from the Supervisory Board. Due consideration was given to the material significance of these matters by establishing threshold amounts. Transactions by subsidiaries that are of material importance to the Group as a whole also require prior approval.

More information on the operating methods of the company boards, the number of meetings held by the Supervisory Board and its committees (Rule 36), and its activity report (Rule 39) are available in the Supervisory Board on page 14.

Executive Board compensation (Rule 30)

The performance-related, variable portion of compensation is equivalent to around 50% of fixed compensation and is contingent upon the achievement of specific earnings targets.

Constantia Packaging AG has no stock option plan for Executive Board members or corporate officers.

Supervisory Board compensation plan (Rule 51)

Compensation for the Supervisory Board in 2008 was set at a lump sum of €70,000 (2007 amount: €70,000), with the allocation of this amount among members to be determined by the Supervisory Board. No special attendance fees were paid out and all incurred expenses were reimbursed at cost. Compensation does not include any performance-related component. No stock option plans are foreseen.

D&O insurance

In accordance with current business practices, a D&O liability insurance policy was subscribed on behalf of the management and control boards of all Constantia Packaging Group companies. The premium for the overall Group totaled €66,000 in 2008 (2007: €52,552) and was based on the sales of the respective companies. A breakdown of the respective amounts related to the Executive Board and Supervisory Board of Constantia Packaging AG is not actuarially possible.

Agreements involving Supervisory Board members that require approval (Rule 48)

In 2008, a consulting agreement involving public relations work was reached with Supervisory Board member Herbert Krejci. The fee paid in 2008 totaled €15,000 (2007: €15,000).

Directors' dealings (Rule 70)

In 2008, eight purchase transactions by four board members were reported to Constantia Packaging AG. These transactions were disclosed on www.constantia-packaging.com and www.fma.gv.at immediately upon implementation.

Dr. Hanno M. Bästlein
Chief Executive Officer

Vienna, March 2009

Supervisory Board report

Dear shareholders,

In 2008, the Supervisory Board discharged its duties under the law and company by-laws and in accordance with the Austrian Corporate Governance Code. The Supervisory Board's activity consisted primarily of regularly advising the Executive Board on matters of corporate governance and the management oversight of Constantia Packaging AG.

Through oral and written communications, the Executive Board kept us informed in an ongoing, timely and comprehensive fashion of all of the company's major developments as well as its business policy, earnings situation, financial situation, investments and other fundamental issues involving its management and strategic planning. All material transactions of Constantia Packaging AG as well as the group's strategy and risk exposure were thoroughly discussed.

The Executive Board also informed us of major events in between Supervisory Board meetings, and, where necessary, circular resolutions were adopted. The Executive Board and Chairman of the Supervisory Board discussed specific current events and projects regularly.

Key points discussed

The second half of the reporting year was marked by the international financial crisis and events involving Constantia Packaging B.V., our main shareholder. In particular, the Supervisory Board made sure that no business ties or reciprocal receivables, liabilities or commitments exist with Constantia Privatbank and the Immofinanz/Immoeast Group.

As part of its usual duties, the Supervisory Board discussed ongoing investment projects and the 2009 annual budget in detail, and approved them, after adjustments were made to reflect the uncertain economic conditions. The Supervisory Board also examined the following matters and approved the following transactions:

- Medium-term planning and strategic orientation
- Securing of long-term liquidity through the issuance of a subordinated, non-callable hybrid bond of €250 million
- Production site optimization ("dedicated plants" project)
- Streamlining of business portfolio (disposals of H&N Sport, Multifilm Packaging, Danapak Flexibles/UK)
- Acquisition of a majority interest in the German facility of Alupak AG, Switzerland
- Acquisition of a 24.9% equity investment in Croatia-based Belisce d.d., the leading paper and corrugated board base paper producer in Southeastern Europe
- Acquisition of the remaining 40% minority interest in Duropack AG formerly held by Smurfit Kappa
- Integration of Austria Metall AG (AMAG), acquired at the end of 2007
- Start of a Group-wide vendor's due diligence

Supervisory Board committees

The Supervisory Board has established three committees: a Praesidium, a Personnel and Compensation Committee and an Audit Committee. These committees are all chaired by the Chairman of the Supervisory Board.

The appointments of Messrs. Günter Cerha and Wolfgang Pfarl in May 2008 and the resignation of the longstanding Chairman of the Supervisory Board Guido N. Schmidt-Chiari resulted in the following personnel changes on the committees during the reporting period:

Praesidium

- Rainer Zellner
- Wolfgang Pfarl

Audit committee

- Rainer Zellner
- Wolfgang Pfarl
- Günter Cerha

Personnel and Compensation committee

- Rainer Zellner
- Wolfgang Pfarl
- Christine de Castelbajac
- Alfred Fogarassy

The Supervisory Board mandates of members elected by the 14th Shareholders' Ordinary Meeting of May 15, 2008 expire with the Shareholders' General Meeting held to approve the 2009 financial statements. All other Supervisory Board members were re-elected by the 13th Shareholders' Ordinary Meeting held on May 15, 2007, with their terms set to expire at the Shareholders' Meeting called to approve the 2008 financial statements.

Last year, the Praesidium met several times as needed and in non-regular intervals to discuss pending matters. The topics included Executive Board compensation, which remained within the scope of the Praesidium's duties through year-end, and current transactions of material importance.

The Audit Committee met once last year. In the presence of the independent auditor, it discussed the parent company and consolidated financial statements of Constantia Packaging AG, the audit reports and proposed profit appropriation. The Audit Committee noted the auditor's statement of independence and awarded the audit contract for the year ended December 31, 2008. It determined the key audit points with the independent auditor and reached an agreement on the audit fee. The independent auditor's representatives took part in the meeting and reported on their audit activity.

The Personnel Committee met four times last year. The main topics discussed involved management personnel at company subsidiaries and the search for a new Chief Financial Officer for Constantia Packaging AG, since Helmut Schwager retired at the end of last year upon reaching the age of 65.

Supervisory Board meetings

In 2008, the Supervisory Board met a total of seven times, including three extraordinary meetings called on short notice. At five of the meetings, all Supervisory Board members were present, while at the other two meetings two members were excused.

Corporate Governance

The Supervisory Board of Constantia Packaging AG is committed to upholding the Austrian Corporate Governance Code and thereby to responsible corporate governance and control focused on long-term value creation. A summary presentation of Constantia Packaging AG's corporate governance can be found in the "Corporate Governance" section of this annual report and on the company's website.

Review and approval of the 2008 financial statements

The Financial Statements and Management Report of Constantia Packaging AG as well as the Consolidated Financial Statements presented in accordance with International Financial Reporting Standards (IFRS), the Group Management Report and the information required under § 245a of the Austrian Corporate Code (UGB) for the year ending December 31, 2008 were prepared by the Executive Board and audited by Auditor Treuhand GmbH, which was appointed in accordance with § 270 of the UGB and issued an unqualified opinion. The Supervisory Board reviewed the Financial Statements, Consolidated Financial Statements, Management Report and Group Management Report, proposed profit appropriation of Constantia Packaging AG and the Management Letter with the audit findings in the presence of the auditor, in accordance with § 96 of the Austrian Stock Corporation Law (AktG), and approved them on March 31, 2009. The Financial Statements are hereby established in accordance with § 125 para. 2 of the Austrian Stock Corporation Law (AktG). The quarterly group audit report thus presented a satisfactory result, since no risks beyond the company's control were apparent that could have a significant impact on the company's assets or results. As a result there were no grounds for objections.

Thanks to Board members and employees

The Supervisory Board would like to thank Messrs. Guido N. Schmidt-Chiari and Helmut Schwager for their many years of valuable and effective service and their extraordinary work on behalf of the Group. Guido N. Schmidt-Chiari has supported the company very successfully since 1994 as the Chairman of the Supervisory Board, while Helmut Schwager has held a number of positions with the company since 1969, and in 1994 was appointed Chief Financial Officer of Constantia Verpackungen AG, now Constantia Packaging AG.

The Supervisory Board would like to thank the Executive Board and all the employees of Constantia Packaging Group for their personal contributions and achievements. We also value the trust and loyalty of our customers, suppliers, lenders and shareholders, and look forward to continued successful teamwork in the future. By working together, we will be able to add value for all stakeholders even in difficult times.

Chairman of the Supervisory Board

R. Zellner

Rainer Zellner

Vienna, March 31, 2009

Company Boards

Executive Board

Hanno M. Bästlein
Chief Executive Officer

Helmut Schwager
Chief Financial Officer
(through December 31, 2008)

Supervisory Board

Rainer Zellner
Chairman
First appointed: May 27, 2003
Term: 2009 Shareholders' Ordinary Meeting

Guido N. Schmidt-Chiari
Chairman
(through December 23, 2008)
First appointed: March 18, 1994
Supervisory Board mandates in listed companies:
Generali Holding Vienna AG,
Arlberger Bergbahnen AG,
Lead Equities Mittelstands-finanzierungs AG,
Bank für Tirol und Vorarlberg AG

Wolfgang Pfarl
Deputy Chairman
First appointed: May 15, 2008
Term: 2010 Shareholders' Ordinary Meeting
Supervisory Board mandates in listed companies:
Österreichische Industrieholding AG,
Heinzel Holding AG

Christine de Castelbajac
First appointed: March 18, 1994
Term: 2009 Shareholders' Ordinary Meeting

Günter Cerha
First appointed: May 15, 2008
Term: 2010 Shareholders' Ordinary Meeting

Alfred Fogarassy
First appointed: May 28, 2002
Term: 2009 Shareholders' Ordinary Meeting

Herbert Krejci
First appointed: March 18, 1994
Term: 2009 Shareholders' Ordinary Meeting

S. D. Prinz Michael von und zu Liechtenstein
First appointed: March 18, 1994
Term: 2009 Shareholders' Ordinary Meeting

Executive Committee

From left to right: Gerhard Falch, Hanno M. Bästlein, Jan Homan, Peter Szivacsek

Objective

The Executive Committee is an advisory board consisting of the chief executive officers of the sub-groups and the Executive Board of Constantia Packaging AG.

The Executive Committee addresses group-wide issues such as corporate strategy, resource allocation, acquisitions and personnel development.

Members

Hanno M. Bästlein, Chairman (Constantia Packaging)
Gerhard Falch (AMAG)
Jan Homan (Constantia Flexibles)
Peter Szivacsek (Constantia Duropack)

Stock and Investor Relations

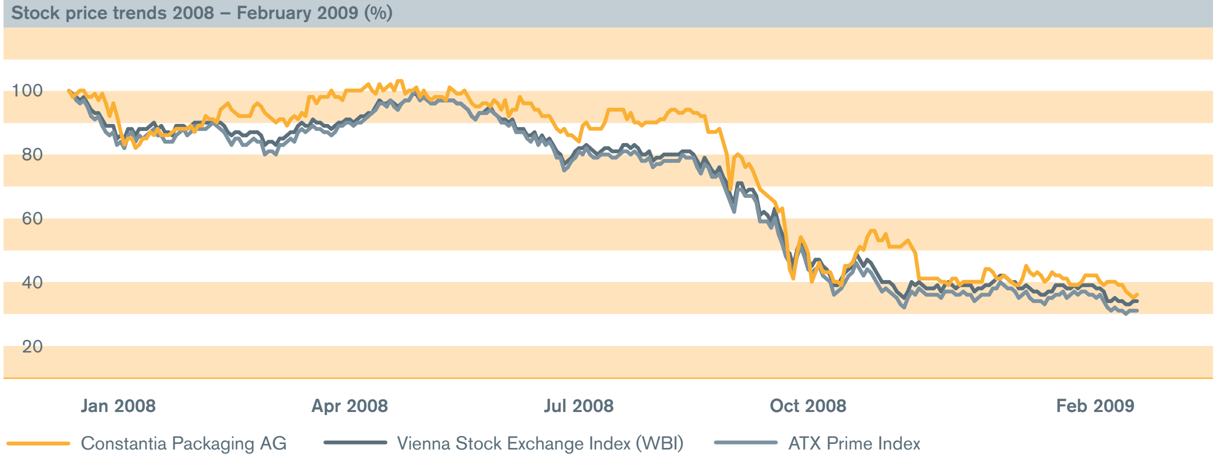
The stock market in 2008: Hard landing after a long climb

After more than five years of steady growth, international capital markets experienced a trend reversal in mid-2007, as the first payment problems involving sub-prime mortgages surfaced. When real estate prices ultimately fell, many U.S. homeowners were no longer able to satisfy their interest payments and loan obligations. As a result, investor uncertainty spread to other regions, and international financial and capital markets turned highly volatile in the first half of 2008. Investors reallocated their savings to low-risk products, and following sharp price declines on securitized assets, a global loss in confidence in the creditworthiness of banks and insurance companies ensued. Numerous financial institutions faced considerable refinancing pressures and liquidity shortages.

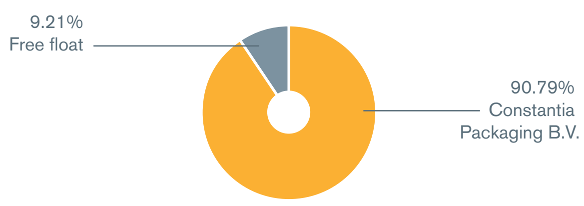
To prevent a total market collapse, the U.S., European and Asian governments, notably China, stepped in with unprecedented rescue packages totaling billions of dollars and acquired equity stakes. Despite these measures, global equity markets recorded sharp declines in the fourth quarter, starting with financial stocks and followed by industrial companies, especially in cyclical sectors such as the automotive industry or the energy sector in light of the sharp decline in oil prices. Thus the U.S. Dow Jones Industrial Average, the world's best-known stock index, lost 34% from 13,264.82 points at the end of 2007 to 8,776.39 points at the end of 2008.

The governments of the leading industrial countries have since held intense discussions on how best to mitigate the impact of a global recession on real markets and to come up with the proper framework and capital market controls to bolster confidence among institutional and private investors. In that respect, a paradigm shift should occur that favors greater regulation of capital transfers, financial instruments

Stock price trends 2008 – February 2009 (%)



Constantia Packaging AG ownership structure



and products, with limits placed on highly speculative and therefore trend-reinforcing financial instruments, and a new emphasis on more conservative, long-term oriented and sustainable accounting and valuation standards.

Constantia Packaging stock trends

Constantia Packaging AG is listed with 16,800,000 no-par value shares on the Vienna Stock Exchange's Prime Market. At year-end 2008, the company's stock price stood at €22.20 resulting in a market capitalization of €372.96 million. After trading in a sideways range through mid-September, albeit slightly outperforming the Austrian ATX and WBI market indices, the company's stock fell sharply in the fourth quarter as a result of the turbulence in global equity markets combined with corporate governance concerns at shareholdings of the main stockholder Constantia Packaging B.V. At year-end 2008, Constantia Packaging AG's stock was listed at €22.20, down 56% from the previous year's level of €50.10. This downtrend was also exacerbated by the stock's limited free float and media reports involving the above-mentioned governance issues.

On October 24, Constantia Packaging B.V. announced the purchase of 1,499,845 shares in Constantia Packaging AG, thereby increasing its voting rights from 81.7% to 90.6% and bringing its total ownership interest to 15,226,060 shares. Meanwhile Constantia Packaging B.V. increased its holdings up to 90.79%.

Given the favorable results recorded in 2008 and in spite of the difficult economic environment, the Executive Board will propose a dividend of €1.20 plus €0.20 bonus to the Shareholders' General Meeting. This payout would result in a dividend yield of 3.37% based on the average share price for the year (€41.51). The total payout would be €23.52 million.

Ongoing investor relations work

Our investor relations activities are designed to provide capital markets and the public with a true picture of Constantia Packaging AG. These activities include ongoing communications with institutional and private investors, financial analysts, the preparation of a meaningful annual report and quarterly reports.

Our regular investor relations program includes road shows for our most important current and potential investors during the interim and year-end periods, investor and analyst teleconferences to discuss quarterly results and active participation in capital markets conferences.

The latest events and all relevant information about our Group are always posted on our newly redesigned web site at www.constantia-packaging.com.

Private shareholders can take advantage of a shareholders' club created specifically for them as well as an annual shareholder visiting day. Last year, shareholders toured the AMAG plant in Ranshofen.

RCB – Raiffeisen Centrobank, Vienna, and Berenberg Bank, Hamburg, provide regular analyst coverage of our company. RCB is a leading Austrian investment bank, and Berenberg Bank is Germany's oldest private bank, which specializes in coverage of small- and mid-cap stocks and, since February 2007, has been admitted to direct trading on the Vienna Stock Exchange.

Our goal is to secure the trust of value-oriented, long-term investors in Constantia Packaging AG through our continued active and open communications policy with capital markets and media representatives, especially in this difficult market environment.

Information regarding Constantia Packaging stock	
ISIN	AT0000943352
Vienna Stock Exchange symbol	COV
Reuters symbol	CVER.VI
Bloomberg symbol	CNVK AV
Datastream	O:CONV
Trading segment	Official market
Market segment	Prime Market
Indices	WBI, ATX Prime
Initial listing	May 22, 1995
Investor relations	Wolfgang Schwaiger
Investor relations phone	+43 1 588 55 193
E-mail	ir@constantia-packaging.com
Website	www.constantia-packaging.com

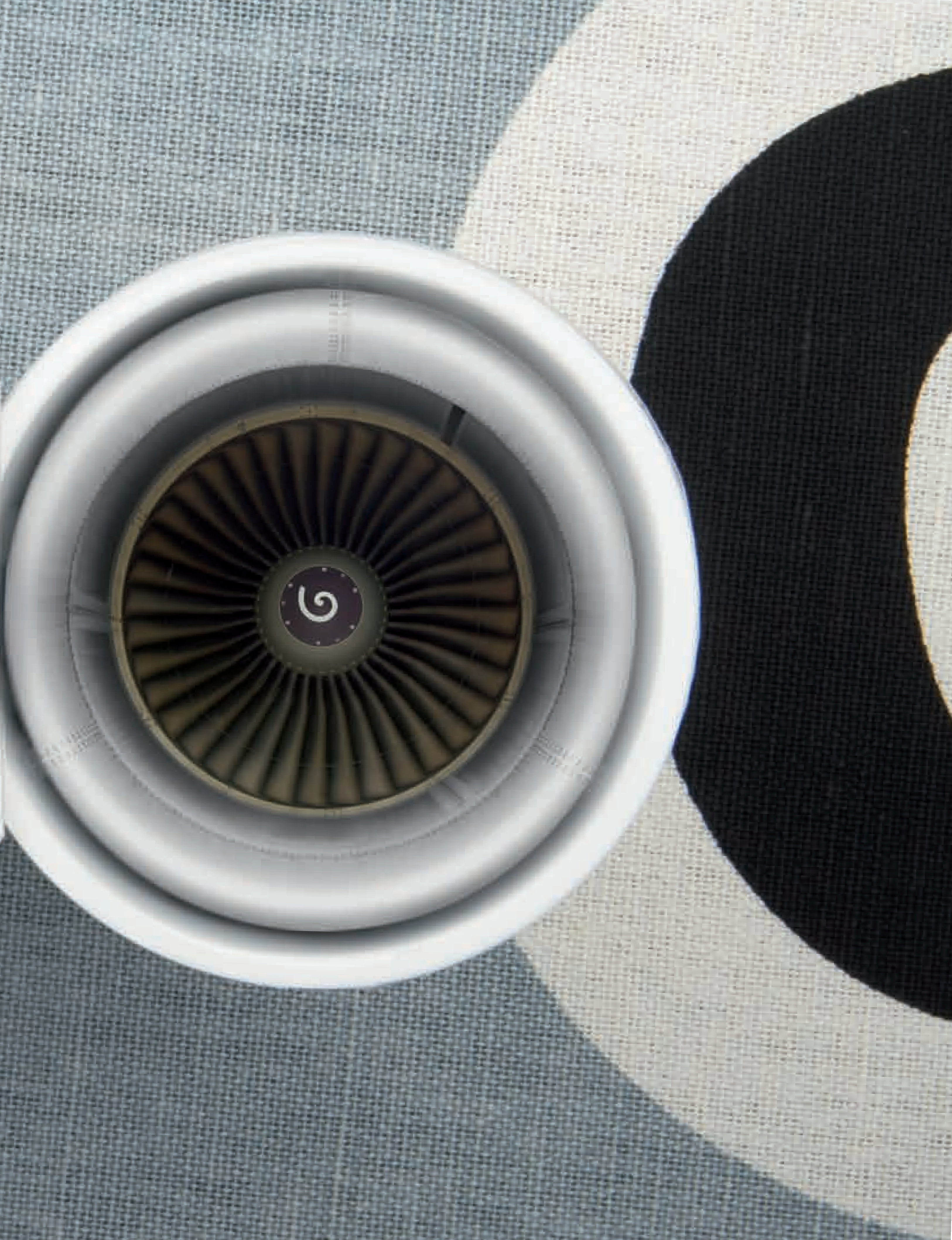
Constantia Packaging stock (€)	2008	2007
High	52.40	56.50
Low	19.75	37.20
Year-end	22.20	50.10
Average	41.51	49.46
Market capitalization (12/31, in millions)	372.96	841.68
Earnings per share	4.47	5.41
Earnings per share (adjusted for non-recurring items)	5.09	4.31
Equity per share	48.28	30.72
P/E ratio (as of 12/31)	4.97	9.26
Dividend per share	1.20+0.20*	1.00+0.20**
Dividend yield (%)	3.37	2.43
Market capitalization to sales	0.18	0.54
Market capitalization to equity	0.46	1.63

* Proposed 2008 dividend: €1.20 with bonus €0.20
** €1.00 with bonus €0.20

Investor relations calendar	
April 2, 2009	Annual press conference, Publication of 2008 financial statements
April 29, 2009	15th Shareholders' General Meeting
May 5, 2009	Ex-dividend date
May 11 2009	First-quarter 2009 results
May 12, 2009	Dividend distribution
August 17, 2009	Second-quarter 2009 results
November 9, 2009	Third-quarter 2009 results


Flexible
Whether it involves closures for yoghurt or pet food, round or rectangular containers, foils for beer and mineral water bottles or security foils for drug packaging, Constantia is as flexible as the fine aluminum foil on a fruit yoghurt container when it comes to satisfying customer preferences with customized solutions.


Strong
As a strong player in its core markets, Constantia is a leading provider of innovative technologies. These technologies serve not only the packaging and corrugated board markets but also the aerospace and automotive industries as well as sporting and leisure goods manufacturers, and they also include complete cathode systems for electrolytic zinc production.



Group Management report
Economic environment

General economic environment

In 2008, after economic research institutes had repeatedly lowered their economic growth forecasts during the first three quarters, the financial sector experienced a massive downturn and considerable turbulence in October. This turn of events caused a significant loss of confidence by industrial and private investors. Companies responded by drastically cutting back or postponing their capital expenditures, cancelling contract labor and introducing short-time work and other cost-saving measures. These actions were a logical outcome of the global linkage and interdependence of nearly all of the world's economies.

Global economic growth therefore progressively declined last year. Real GDP growth for the year was 2.1%, well below the 3.9% growth rate in 2007. The decline was particularly severe in the United States, the original source of the financial and economic crisis, where real GDP even contracted by 0.8% in the fourth quarter. As a result, U.S. real economic growth in 2008 dropped off significantly to only 1.3% in 2008, compared with 2.0% in 2007.

A thorough review of the key markets of Constantia Packaging, which in 2008 generated 56% of its revenues in Western Europe and 18% in Central and Eastern Europe, provides the following picture.

Real GDP growth in Western Europe (EU-15 region) totaled 1.0% in 2008, less than half the 2.6% growth rate in 2007. In the fourth quarter of last year, the EU-15 region even saw its real GDP contract by 1.1%. The hardest-hit country was Germany, the EU's largest exporter and home to cyclical industries such as automotive manufacturing and automotive suppliers. German GDP growth in 2008 was 1.0%, well below the previous year's level of 2.6%. In Austria, the decline was somewhat less pronounced, as fourth-quarter GDP contracted by only 0.2% in 2008 compared with the previous year. For the full year, Austrian GDP growth totaled 1.8%, compared with 3.1% in 2007. Central and Eastern European countries also recorded declines in GDP growth, which fell from 7.2% in 2007 to 5.6% last year, although this decline was less pronounced than in Western Europe. While domestic demand in Central and Eastern Europe continued to grow, the region felt the impact of declining demand for exports to Western Europe, notably in the automotive industry.

Inflation in the EU-15 region rose from 2.1% in 2007 to 3.3% last year, although the growth rate declined significantly in the second half of the year.

Central banks responded to the economic downturn by lowering key rates on several occasions. The Fed implemented seven rate cuts last year, lowering its benchmark rate by a total of 400 basis points from 4.25% at end-2007 to 0.25% at the end of last year. The European Central Bank (ECB) lowered rates on three occasions by a total of 150 basis points from 4.0% at end-2007 to 2.5% at the end of last year.

Given substantially weaker economic growth in the United States relative to Europe, the U.S. dollar gained against the euro and ended the year at $1.39, compared with $1.47 at end-2007, with significant volatility during the year.

Sources: Reuters, Economist Intelligence Unit, central banks, statistical agencies, RZB Research

Commodity and energy price trends

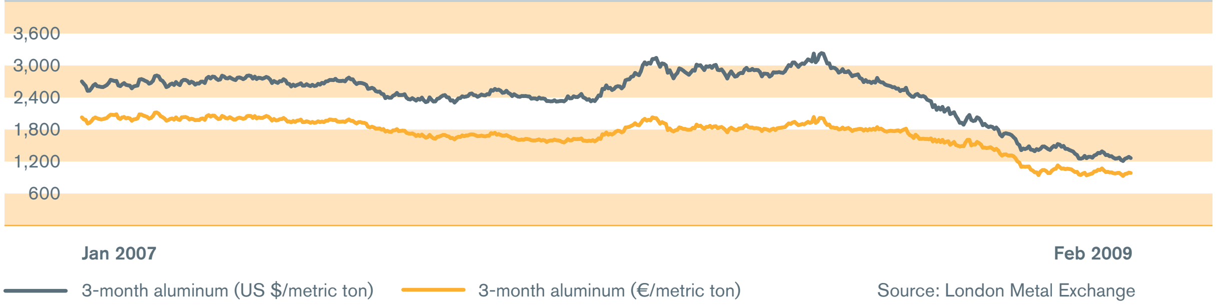
Constantia Packaging AG processes raw materials consisting mainly of aluminum, paper, corrugated board base paper, polymer films, and varnish and paint. In 2008, material costs represented 57.4% of consolidated sales, compared to 57.6% in 2007, therein energy costs represented 4.7%, compared to 2.9% in 2007. AMAG hedges its raw aluminum prices through forward agreements. The costs of varnish, polymer films and several liquid materials applied in production depend on petroleum prices.

Beginning in the summer of 2008, the deterioration in the macroeconomic environment caused a trend shift in material prices, as the long-running boom in commodity and energy prices ended. The price declines accelerated again in September, as the global economic outlook dimmed even further as a result of the financial crisis.

Although demand for primary aluminum was weaker than expected at the beginning of 2008, the three-month list price rose during the first quarter to around US$3,000 per metric ton on account of weather-related production shortfalls. Higher energy prices and related production declines at some smelters subsequently provided support for prices, which in July 2008 reached a high of US$3,341 per metric ton (3-month list price on the LME). Throughout the rest of the year, the list price fell steadily in line with overall commodity prices. When the financial crisis spread to the real economy in the fourth quarter, aluminum prices were caught in the downdraft and fell to US$1,508 per metric ton by year-end. The average 3-month list price in 2008 was US$2,621 per metric ton, or 1.5% below the previous year's level of US$2,662 per metric ton. Valued in euros, the 2008 average price was €1,776 per metric ton, or 8.6% below the previous year's level of €1,943 per metric ton.

After rising steadily in recent years, in early 2008 paper prices began to trend downward, mainly as a result of new production capacity coming online in Europe. After reaching a high in 2007, the price of corrugated board base paper made from recycled stock dropped by more than 25% per metric ton by end-2008.

LME 3-month aluminum prices

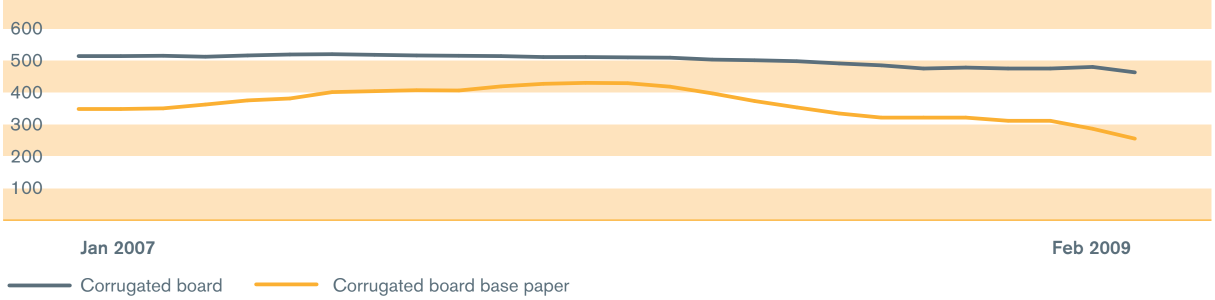


Source: London Metal Exchange

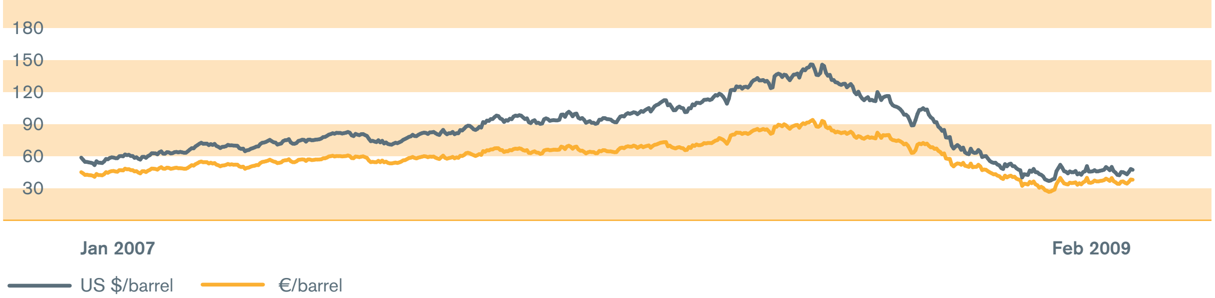
The growing recessionary concerns that were awakened in early 2008, especially for the U.S. economy, led to a brief drop in oil prices. In February, however, sentiment turned resolutely bullish, as investors fled the dollar to invest in what they presumed to be a safer commodity, namely crude oil. The black gold reached a record high for the year of US$140.73 per barrel. By mid-year, however, the trend had reversed, as the high cost of oil increasingly crimped global economic growth and investors began selling off their investments in commodities. That prompted an unprecedented downturn in crude oil prices. Following the collapse of some U.S. banks, oil prices dropped below US$100 per barrel, and as the financial crisis spread to Europe and Asia, oil prices fell further and finished the year at US$34.49 per barrel, or 62% lower than at the end of 2007 (US$90.82).

The current economic turbulence makes it nearly impossible to forecast future energy and commodity price trends, since they are highly dependent upon future economic growth. If the crisis persists and economies continue to contract, demand and prices will presumably remain under pressure for the foreseeable future.

Average corrugated board and corrugated board base paper prices (€/metric ton)



Oil prices



Business performance

Changes in consolidation scope

In 2008, changes in the consolidation scope involved the 70% consolidation of Constantia Aloform GmbH, the foundations of Constantia Lables GmbH, Constantia Finance GmbH and Constantia Finance Holding GmbH, along with the disposals of H&N Sport GmbH, Danapak Flexibles/UK and Multifilm Inc., USA.

Sales and earnings trend

Constantia Packaging AG owns a portfolio of companies, whose products benefit from relatively stable demand even during economic downturns. The Group is a key supplier to, among other industries, the pharmaceutical, beverage and food industries. The products consist mainly of consumer goods used on a daily basis, thereby making these companies significantly less dependent upon the economic cycle than companies in other sectors.

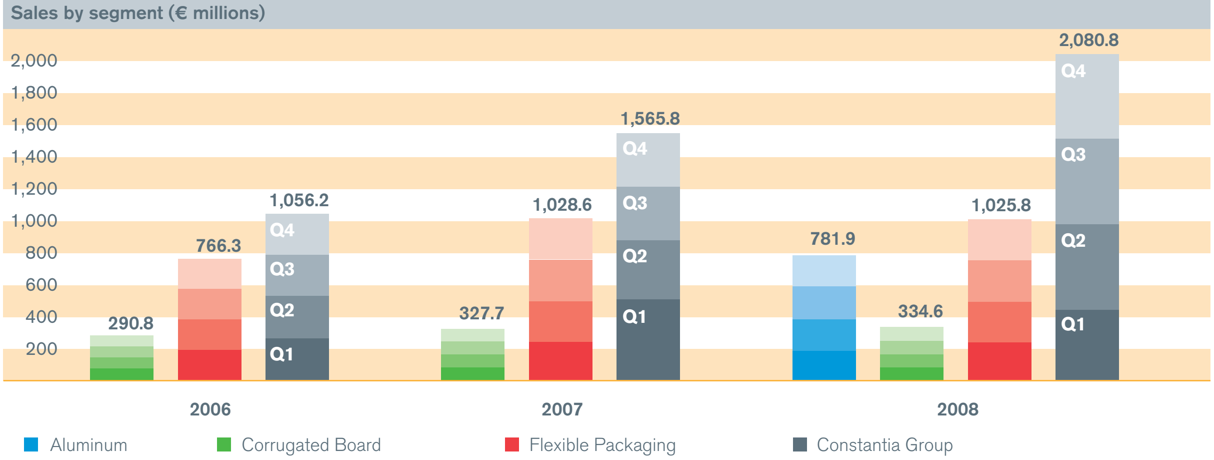
The 2008 key results reflect robust growth relative to 2007, mainly as a result of the full consolidation of AMAG — a leading European supplier of premium specialty aluminum products — in the fourth quarter of 2007. Since AMAG had been consolidated using the equity method under the Austrian Corporate Code (UGB) during the first three quarters of 2007, before being fully consolidated in accordance with IFRS in the fourth quarter, comparisons between 2007 and 2008 are of limited relevance.

Sales

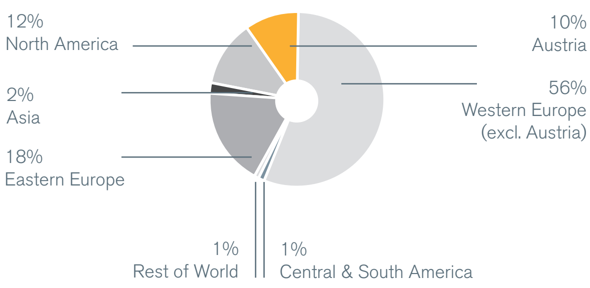
Consolidated sales rose by 33% in 2008 from €1,565.8 million to €2,080.8 million. The bulk of this increase was due to the AMAG acquisition.

As in previous years, Western Europe (excl. Austria) continues to be the leading sales region, accounting for 56% of the total (53% in 2007), Central and Eastern Europe accounted for18% (23% in 2007), followed by

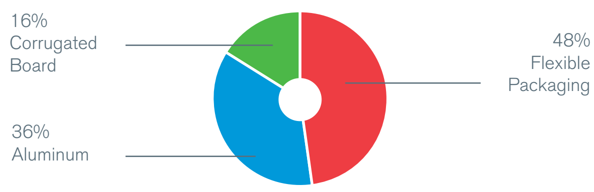
Sales by segment (€ millions)



Consolidated sales 2008 by region



Consolidated sales 2008 by segment



North America with 12% (9% in 2007), Austria with 10% (10% in 2007), Asia with 2% (2% in 2007), Central and South America with 1% (2% in 2007) and the rest of the world with 1% (1% in 2007).

Sales by business segment broke down as follows: Aluminum 36% (42% in 2007), Corrugated Board 16% (14% in 2007) and Flexible Packaging 48% (44% in 2007).

Earnings

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) increased by 19.3% from €243.1 million in 2007 to €290.0 million last year, mainly by way of AMAG's consolidation in 2007. All business segments successfully countered the impact of rising commodity and energy prices during most of the year as well as persistent pricing pressures by implementing changes in the product mix, productivity enhancements and cost-reduction measures. Adjusted EBITDA — i.e. excluding €18.0 million and -€2.4 million in non-recurring items in 2007 and 2008, respectively — increased by 30% from €225.1 million in 2007 to €292.4 million last year.

AMAG contributed €124.3 million (40%) to consolidated EBITDA, Duropack €48.0 million (15%), and the Flexible Packaging segment €138.5 million (45%); Group consolidation amounted to -€20.9 million. In the Flexible Packaging segment, machinery and equipment warehousing costs related to the dedicated plants project weighed on operating income. This project seeks to focus each of the various plants and facilities on a specific product group, which will ultimately lead to significant future savings in manufacturing costs.

Cost of materials

The cost of materials ratio declined from 57.6% in 2007 to 57.4%, as the cost of materials increased by 32% from €901.7 million in 2007 to €1,194.7 million last year. This increase was largely due to AMAG, whose cost of materials ratio totaled 66.9% (down from 67.7% in 2007) and is subject to fluctuations in the list price of aluminum on the London Metal Exchange (LME). In the Corrugated Board segment, the cost of materials ratio contracted from 54.0% in 2007 to 53.3% in 2008. In the Flexible Packaging segment, the sharp increase in oil prices during the first half of 2008 pushed the cost of materials ratio up from 54.7% in 2007 to 55.4% last year, despite the rapid price drop in crude oil prices at the end of the year.

Personnel expenses

Personnel expenses rose from €311.5 million to €389.2 million. 8,241 employees were engaged at Constantia Packaging in 2008, in comparison to 2007 when 8,354 have been employed. The decrease in the number of employees by way of acquisitions and divestments was 80, while organically the company reduced its headcount by 33 employees. The bulk of the overall increase in the personnel expense ratio (personnel expenses relative to sales) was contributed by the 1,171 AMAG employees, with a 69% share of blue collar workers, which accounted for most of the drop in the Group's personnel expense ratio from 19.9% in 2007 to 18.7% last year.

Other operating income and expenses

Other operating income totaled €55.5 million, up from €53.3 million in 2007, and involved primarily gas deliveries and services to HAI, a company that provides aluminum extrusion services on the AMAG site in

Ranshofen, along with the proceeds from the disposal of other companies. Details see in the notes.

Other operating expenses increased from €186.5 million in 2007 to €248.4 million last year, and resulted primarily from additional power, energy and freight costs related to AMAG.

EBIT

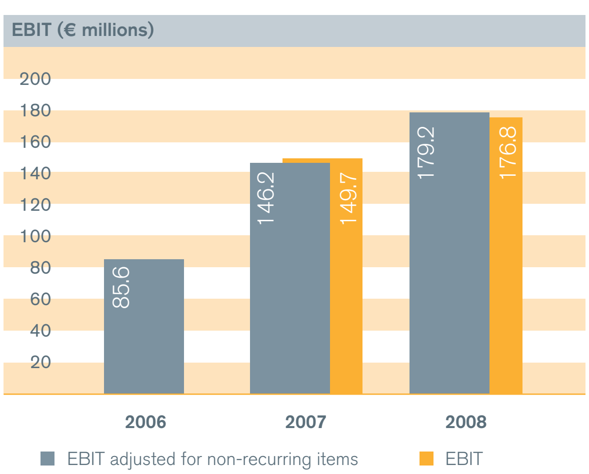
Earnings before interest and taxes (EBIT) increased by 18% from €149.7 million in 2007 to €176.8 million last year. Adjusted for non-recurring items of €3.5 million in 2007 and -€2.4 million in 2008, EBIT increased by 23% from €146.2 million in 2007 to €179.2 million last year. All business segments recorded EBIT gains: AMAG from €56.3 million to €80.2 million; Duropack from €29.1 million to €29.7 million and the Flexible Packaging segment from €79.9 million to €88.1 million.

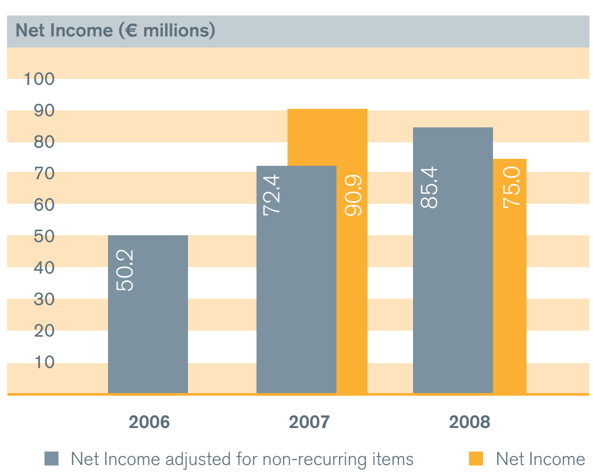
Net financial results

The net financial result deteriorated from -€6.3 million in 2007 to -€43.2 million last year. This was due to an impairment charge for a shareholders' loan to Danapak Denmark (€8.0 million), increased interest expense related to the interim financing of the AMAG acquisition, the financing of the shares in the Croatian Belisce d.d., the purchase of the 40% residual shares of Constantia Duropack AG (€28.7 million last year, compared with €26.5 million in 2007) and the absence of AMAG's equity income contribution of €23.5 million in 2007.

Earnings before taxes (EBT)

Earnings before taxes totaled €133.6 million, or 7% below the 2007 result of €143.4 million because of the above-mentioned changes.





Corporate income tax

Corporate income tax totaled €34.4 million, up from €32.6 million in 2007. The change resulted primarily from an increase in deferred taxes at AMAG in connection with the valuation of the derivatives for aluminum price hedging.

Consolidated net income

In 2008, consolidated net income totaled €99.2 million, compared with €110.8 million the previous year.

Minority interests

Income attributable to minority interests totaled €24.1 million last year, up from €19.8 million in 2007. This increase resulted from: the net impact of the first-time consolidation of AMAG, which has 26.55% minority interests; the acquisition of the remaining 40% minority interest in Duropack; and the absence of minority interests following the disposal of Danapak/UK.

Net income, earnings per share

Following the final purchase price allocation related to the AMAG acquisition, the 2007 non-recurring income was reduced by a total of €15.9 million. Net income totaled €75.0 million in 2008, compared with €90.9 million in 2007. Adjusted for a non-recurring gain of €18.5 million in 2007 and a non-recurring loss of €10.4 million in 2008, net income rose by 18% from €72.4 million in 2007 to €85.4 million last year. The non-recurring items in 2007 include a badwill from the AMAG acquisition (€15.1 million), other non-recurring expenses on EBIT basis of €11.6 million proceeds

Summary consolidated income statement (€ millions)	**2008**	**as a % of sales**	**2007***	**% change**	**2006**
Sales	2,080.8	100.0	1,565.8	32.9	1,056.2
Other operating income	55.5	2.7	53.3	4.1	10.3
Cost of materials	(1,194.7)	57.4	(901.7)	32.5	(564.1)
Personnel expenses	(389.2)	18.7	(311.5)	24.9	(234.2)
Other operating expenses	(248.4)	11.9	(186.5)	33.2	(129.8)
EBITDA (adjusted for non-recurring items)	292.4	14.1	225.1	29.9	-
EBITDA	290.0	13.9	243.1	19.3	139.5
EBITDA margin (%, adjusted for non-recurring items)	14.1	-	14.4	-	-
EBITDA margin (%)	**13.9**	-	**15.5**	-	**13.2**
Depreciation (excluding goodwill amortization)	(113.2)	5.4	(93.4)	21.2	(53.9)
EBIT (adjusted for non-recurring items)	179.2	8.6	146.2	22.6	-
EBIT	176.8	8.5	149.7	18.1	85.6
EBIT margin (%, adjusted for non-recurring items)	**8.6**	-	**9.3**	-	-
EBIT margin (%)	8.5	-	9.6	-	8.1
Net financial result	(43.2)	2.1	(6.3)	-	(2.8)
EBT (adjusted for non-recurring items)	144.0	6.9	117.9	22.1	-
EBT	133.6	6.4	143.4	(6.8)	82.8
EBT margin (%, adjusted for non-recurring items)	**6.9**	-	**7.5**	-	-
EBT margin (%)	6.4	-	9.2	-	7.8
Income tax	(34.4)	1.7	(32.6)	5.5	(21.0)
Consolidated net income after tax	99.2	4.7	110.8	(10.5)	50.2
Minority interests	(24.1)	1.2	(19.8)	21.7	(11.6)
Net Income (adjusted for non-recurring items)	**85.4**	**4.1**	**72.4**	**18.0**	-
Net Income	75.0	3.6	90.9	(17.5)	50.2

* Partially adjusted to purchase price allocation AMAG according to IFRS 3

from the disposal of CPAG shares totaling €22.0 million and a one-time tax expense of €7.0 million. In 2008, non-recurring items included proceeds from the disposal of operating assets of +€2.6 million and -€5.0 million other personnel expenses on EBIT basis and a provision allocation of -€8.0 million related to a planned divestment.

Earnings per share in 2008 totaled €4.47, compared with €5.41 the previous year as a result of the above-mentioned changes (adjusted EPS totaled €5.09 in 2008, up from €4.31 in 2007).

Asset and capital structure

Total assets

Total assets rose by 11% from €1,859.3 million in 2007 to €2,070.3 million last year. The increase resulted primarily from the first-time consolidation of AMAG, which was acquired in 2007. Non-current assets increased by 10% from €1,055.2 million to €1,156.1 million.

Other receivables more than doubled from €98.8 million in 2007 to €261.6 million last year. This increase was due to the valuation of derivatives at AMAG in light of the sharp fall in aluminum prices. Deferred tax assets dropped from €51.9 million in 2007 to €36.4 million last year.

Liabilities were marked by the issuance of a €250 million profit participation bond with an Austrian bank in July 2008. The bond, which pays 7.16% plus a maximum 1% profit-based bonus, has provided the company with attractive refinancing despite the turbulence in financial and capital markets. The bond has a perpetual maturity, is non-callable and initially renewable after seven years. Given its equity-like characteristics, the bond is classified as 100% equity under IFRS.

Shareholders' equity increased from €516.1 million in 2007 to € 811.1 million last year, mainly as a result of the bond issue and last year's earnings gains. Deferred tax liabilities and other liabilities increased due to the above-mentioned derivatives valuation at AMAG.

Summary consolidated balance sheet (€ millions)	2008	2008 as a %	2007*	2006
Goodwill, intangible assets	94.3	4.5	97.8	70.1
Property, plant and equipment	888.8	42.9	877.4	398.8
Non-current assets	**1,156.1**	**55.8**	**1,055.2**	**596.7**
Inventories	311.2	15.0	347.7	111.6
Trade accounts receivable	231.8	11.2	256.6	152.7
Other receivables and current assets	261.6	12.6	98.8	18.7
Cash and cash equivalents	57.2	2.8	81.1	25.3
Current assets	**874.8**	**42.3**	**792.7**	**318.9**
Total assets	**2,070.3**	**100.0**	**1,859.3**	**915.6**
Capital stock	17.4	0.8	17.4	17.4
Additional paid-in capital	142.9	6.9	142.9	142.9
Retained earnings	179.0	8.6	150.9	121.7
Equity attributable to equity holders of the parent	381.1	18.4	328.4	299.6
Hybrid capital	249.1	12.0	0	0
Minority interests	180.9	8.7	187.6	52.7
Total equity	**811.1**	**39.2**	**516.1**	**352.3**
Non-current provisions and liabilities	622.0	27.8	651.8	277.8
Trade accounts payable	128.7	2.6	144.1	100.8
Current provisions and liabilities	587.2	30.6	679.3	285.5
Total liabilities and shareholders' equity	**2,070.3**	**100.0**	**1,859.3**	**915.6**

* Partially adjusted to purchase price allocation AMAG according to IFRS 3

Financial situation

Cash flow from operating activities

Cash flow from operating activities increased by 28% from €139.6 million to €178.2 million. This increase resulted largely from the AMAG acquisition.

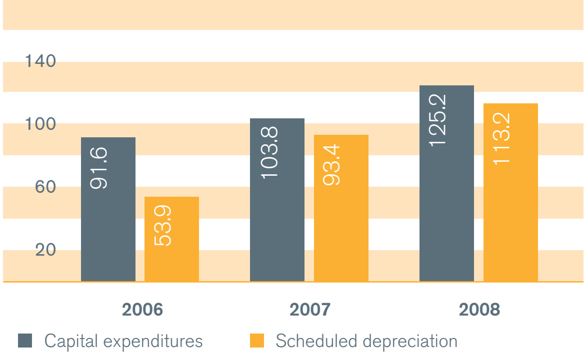
Cash flow used for investment activities

Cash flow used for investing activities increased from -€214.7 million in 2007 to -€243.0 million last year. This increase, which reflects the Group's growth strategy, resulted primarily from the acquisitions of a 24.9% equity interest in Croatia's leading paper producer Belisce and the remaining 40% minority interest in Duropack, as well as capital expenditures, notably at AMAG. The non-recurring gains on securities disposals in 2007 also contributed.

Free cash flow

Free cash flow (cash flow from operating activities plus cash flow used for investment activities), which can be used to pay down debt and distribute dividends, was negative by €64.8 million, compared with the previous year's outflow of €75.1 million.

Capital expenditures and depreciation (€ millions)



Cash flow from financing activities

Cash flow from financing activities totaled €40.6 million, compared with €130.0 million in 2007. The decline was due to the issuance of a €250 million profit participation bond, which was used to pay down debt. Other factors included the higher dividend payments to shareholders and the first dividend payments to the owners of the profit participation bond.

Capital expenditures

Capital expenditures totaled €125.2 million in 2008, up from €103.8 million the previous year. This amount was slightly more than scheduled depreciation of €113.2 million (€93.4 million in 2007). The Aluminum segment had capital expenditures of €34.0 million (27% of the Group total), the Corrugated Board segment €19.9 million (16%) and the Flexible Packaging segment €71.0 million (57%).

The capital expenditures of Constantia Packaging Group companies are aimed at further enhancing the companies' competitiveness, securing high quality standards, expanding capacity when market conditions allow, and further reducing production costs. When making these expenditures, we stress the importance of minimizing their environmental impact and seeking potential savings in the areas of materials and energy consumption.

Acquisitions and divestments

In the first quarter of 2008, the Constantia Group disposed of all its shares in H&N Sport GmbH, an air gun pellet and ammunition manufacturer (€6 million in annual sales) that no longer fit with our core businesses. In May 2008, we sold Danapak Flexibles/UK, which produces polymer films for the food industry and has annual sales of €14.7 million. In April, the U.S. company Multifilm Inc., which produces polymer films for the confectionery industry and has annual sales of €7.5 million, was sold as part of a management buy-out. This portfolio streamlining was made possible by the 2007 acquisition of Constantia Hueck Foils, which ensures regional coverage in the United States through its modern production facility in Blythewood, South Carolina.

The above-mentioned companies were sold as part of our ongoing streamlining of production facilities.

In June 2008, we acquired 70% of Constantia Aloform GmbH, Germany, which recorded 2007 sales of €28.8 million. The company is a leading supplier of human food deep draw packaging in Europe, and the acquisition further enhances our product range in this market segment.

After buying out the remaining 40% minority interest in Duropack AG held by Smurfit Kappa in June 2008, Constantia Packaging AG is now the sole shareholder in that company.

In order to secure and further build on our longstanding, successful collaboration with the Croatian paper producer Belisce d.d., which had sales of €175 million in 2008, we acquired a 24.9% equity interest in April 2008. This equity investment secures Duropack's long-term supply of base paper for corrugated board production and creates synergy potentials at both companies.

Summary consolidated cash flow statement (€ millions)	2008	2007	2006
Cash flow from operating activities	178.2	139.6	103.5
Cash flow used for investing activities	(243.0)	(214.7)	(95.6)
Cash flow from/used for financing activities	40.6	130.0	(26.9)
Free cash flow	(64.8)	(75.1)	7.9


Focused
"Only the best for your loved one" as the ad says. Constantia does just that by focusing consistently on premium products. This strategy results in leadership positions in our respective market segments.

Diversified

Motorcycle sprockets, lamp reflectors and parts of ski bindings make up just some of the diverse products and services offered by Constantia to a very broad range of customer sectors and needs.

Aluminum segment

The company

Austria Metall AG (AMAG), Ranshofen, is Austria's leading manufacturer of semi-finished and cast aluminum products for the processing industries, and has its own production capacity for the supply of primary metal. The product lines include:

- Primary aluminum
- Cast aluminum alloys in the form of cast ingots and liquid metals
- Rolling ingots
- High-quality and specialized rolled products

The company, founded by Vereinigte Aluminiumwerke AG, Berlin, in 1939, was privatized in 1996. In May 2004, Constantia Packaging AG acquired a 25% + 1 share equity investment, and in late September 2007 upped its equity investment to 73.45%. AMAG was therefore fully consolidated into Constantia Packaging AG's consolidated financial statements for the first time effectively on October 1, 2007. The remaining shares in AMAG are held by Constantia Packaging B.V. (16.55%) and the AMAG employee trust (Arbeitnehmer Privatstiftung), which owns 10%.

AMAG's strengths are its flexibility as a medium-sized company coupled with the advantages of an integrated production facility in Ranshofen. This facility's competencies include casting, rolling and recycling aluminum scrap.

Primary aluminum

With a 20% equity investment in the Canadian smelter Alouette, AMAG has secured the long-term supply of basic materials from a country known for political stability and ample energy resources. The smelter, which began production in 1992 and increased its capacity to around 550,000 tons from 2003 to 2005, is equipped with state-of-the-art and cost-efficient production technology.

In recent years, Alouette has implemented productivity enhancements that have further increased its output. In 2008, AMAG's 20% share of Alouette's annual production represented approximately 115,000 metric tons of primary metal.

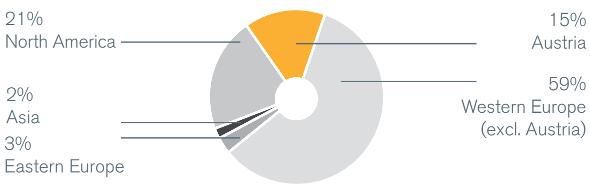
Casting

AMAG casting GmbH has two casthouses at its Ranshofen facility.

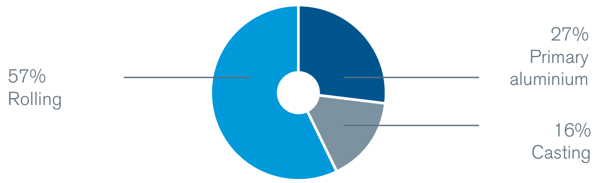
The secondary casthouse transforms recycled scrap into high-value cast aluminum alloys for the automotive, machine tool and electrical industries. The bulk of the company's sales volume originates in Central Europe.

In response to growing competitive pressure, the company launched and subsequently expanded a liquid metals business over the past two years to accompany its traditional products, namely bi-part and horizontally cast ingots and sows. Liquid metal deliveries require high technology and precise logistics, but in return they provide customers with significant cost advantages, such as drastic reductions in energy costs and waste metal, created by the remelting of ingots, as well as savings on internal logistics. AMAG casting successfully

Segment sales 2008 by region



Segment sales 2008 by division



mastered this challenge and has forged partnerships with major automotive and its supply industry customers in Germany and Austria.

The rolling ingot casthouse provides the rolling mill with the required feedstock, thereby allowing the mill to satisfy customer needs quickly and flexibly. With its advanced casting technology, the casthouse also achieves the metallurgical standards needed for the rolling mill's ongoing technological development.

Rolling

AMAG rolling GmbH is a globally active producer of high-value rolled aluminum products — sheet, strip and plates in thicknesses of up to 100 mm — making it a recognized specialist and premium supplier in its various product segments. Offering high-strength, heat-treatable alloys, the company's key customers include the automotive and aerospace industries as well as the sporting goods and leisure industries.

The company also produces bright products, customized cathode elements for zinc electrolysis plants, braze clad materials and special non-slip tread plates. Finally, the product portfolio also includes basic materials used in films for the packaging industry.

The quality of AMAG rolling products is backed by the extensive certifications and accreditations received in technologically advanced areas. The company satisfies the strict company-specific specifications of the aerospace industry, in particular EADS/Airbus and Boeing.

AMAG rolling distributes its products worldwide. In order to serve its customers in key sales markets efficiently and directly, the company has its own distribution companies in Germany, France, Italy, the United Kingdom, the Netherlands and the United States.

Economic environment

Primary aluminum demand trends

At the beginning of the year, forecasts called for aluminum consumption to increase by around 9% to more than 41 million metric tons in 2008. In light of the sharp economic downturn in the fourth quarter, however, demand for aluminum also plummeted, and consumption totaled only 39.5 million metric tons, resulting in 5.0% growth relative to 2007. This trend was driven by declining consumption in the United States, Japan and Western Europe, along with China's 11% growth rate, which was well below expectations.

Primary aluminum production trend

The sharp decline in the list price of aluminum caused producers to begin idling their high-cost production capacity in the fourth quarter of 2008. According to research by CRU, a renowned UK market research institute, the volume of idled production capacity at end-2008 was approximately 3 million metric tons, including some 1.8 million metric tons in China. While the impact of this plant idling may have been limited in 2008, the 6.5% increase in global production to 40.6 million metric tons nevertheless remains well below the initial forecasts. Production did manage to outpace consumption, however, and inventories on the London Metal Exchange (LME) rose to new highs.

Aluminum – Key figures (€ millions)	2008	2007*	2006**
Sales	781.9	1,052.6	982.5
EBITDA	124.3	102.0	85.2
EBITDA margin (%)	**15.9**	**9.7**	**8.7**
EBIT	80.2	56.3	41.2
EBIT margin (%)	**10.3**	**5.3**	**4.2**
Capital expenditures	34.0	34.6	48.9
Employees	1,171	1,281	1,593
Cast products sales volume (metric tons)	80,200	82,400	79,000
Rolled products sales volume (metric tons)	132,000	131,600	125,000

* Proforma: Austrian GAAP (UGB) excl. internal sales, incl. Extrusion Division (January – September);
IFRS figures excl. Extrusion Division (October – December); Partially adjusted to purchase price allocation AMAG according to IFRS 3
** According to Austrian GAAP (UGB)

Market situation for rolled products

Even at the start of 2008, the market for rolled aluminum products was affected by the weak U.S. economy. The situation in the high-consumption construction and automotive manufacturing sectors deteriorated sharply over the course of the year, while the utility vehicle and machine tool sectors also recorded significant declines. In Europe, the construction industry's performance remained generally satisfactory, although markets in the United Kingdom, France and Southern Europe experienced significant cooling. In the first half of 2008, the European automotive industry expanded production, before a sudden, brutal collapse in fall led to production cutbacks and even plant idlings. Even the aerospace industry was cautious despite strong order volume, although the causes were mainly due to technological problems or long-standing labor disputes. In the fourth quarter of 2008, the previously spared Asian market also fell into a crisis, as exports to the United States and Europe collapsed.

The declining demand and falling LME list prices for aluminum led to steady pressure on prices and margins for rolled products. These factors coupled with drastically reduced delivery times by rolling mills caused customers to become increasingly circumspect about placing orders, which resulted in plants having to assume the task of inventory management. Producers responded by cutting back on production and implementing short-time work.

Market situation for secondary aluminum

In the first half of 2008, the Central European market for cast aluminum alloys still enjoyed steady demand. However, Italian and French suppliers facing weakness in their own domestic markets increasingly turned toward the German and Austrian markets, which resulted in a supply overhang and pricing pressure. In the fourth quarter, the sector felt the impact of the severe crisis in the automotive industry, which led to significant drops in sales volume and prices. The only silver lining for the casthouses was the drop in aluminum scrap prices, which had previously remained high, since the sharp drop in demand led to a substantial increase in available scrap.

2008 results

Aluminum segment sales contracted from €1,052.6 million in 2007 to €781.9 million last year primarily as a result of the sharp decrease in aluminum prices. In the regional breakdown, Western Europe (excluding Austria) led the way with 59% of sales, followed by North America with 21%, Austria with 15%, Eastern Europe with 3% and Asia with 2%. The sales contributions of the respective divisions were as follows: primary aluminum €211.6 million (27%), casting €126.1 million (16%) and rolling €444.2 million (57%).

EBITDA increased from €102.0 million in 2007 to €124.3 million last year, and the EBITDA margin improved from 9.7% to 15.9%. Operating income (EBIT) rose from €56.3 million in 2007 to €80.2 million last year, while the EBIT margin increased from 5.3% to 10.3% during the same period. The number of employees contracted from 1,281 to 1,171.

2008 highlights

Integration of AMAG within the Group

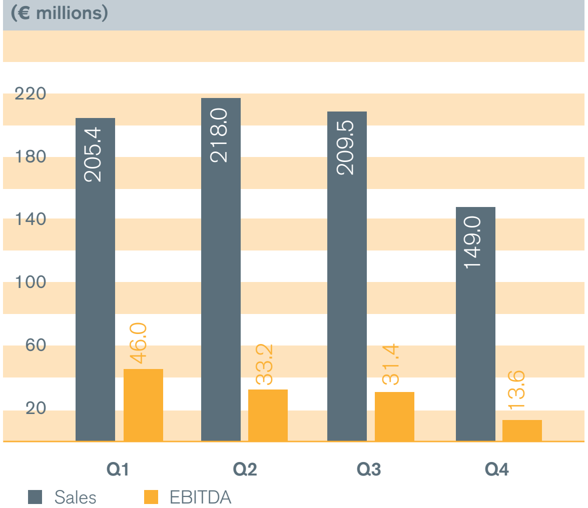
AMAG has been majority-owned by Constantia Packaging AG since September 2007.

Last year, the Constantia Packaging Group successfully completed the integration of AMAG's main operating processes and systems. The brand image was harmonized. With its blue company logo under the motto "Big enough to dare, small enough to care", AMAG continues to operate using the Austria Metall AG brand.

Organizational structure

The company's organizational structure was streamlined in line with the overall strategic orientation. The respective missions of the four operating companies were set and some changes in management personnel were made.

Sales and EBITDA trend Q1–Q4/2008 (€ millions)



AMAG rolling GmbH (rolling mill) and AMAG casting GmbH (casthouse) make up the two production units. The rolling ingot casthouse, which manufactures the feedstock for the rolling mill, was spun off from AMAG rolling and assigned to AMAG casting. AMAG metal GmbH's activities include the marketing of primary aluminum through the equity investment in the Canadian smelter Alouette along with metal price and currency hedging. AMAG service GmbH focuses exclusively on facility management at the Ranshofen site.

New customer for liquid metal deliveries

AMAG casting, which has long supplied Gruber & Kaja Druckguss- und Metallwarenfabrik GmbH with aluminum ingots, expanded its ties to this company by launching the delivery of liquid aluminum to the company's plant in Traun (near Linz) in June 2008.

AMAG casting's range of products and services is not limited to the delivery of liquid aluminum, but also includes technical and logistics advisory on behalf of customers. The economic advantages to customers include substantial reductions in waste metal, significant savings in energy and logistics costs, and lower working capital requirements. Liquid aluminum also allows customers to cover short-term adjustments in demand in a targeted manner, which results in simultaneous productivity enhancements and cost reductions.

Although the liquid aluminum market segment has existed for years in Germany and been popular with German automotive manufacturers, AMAG casting has played a pioneering role in Austria. The first contract to supply liquid aluminum was signed with Magna Powertrain AG & Co KG based in Lannach back in 2006.

Scrap sampling

AMAG casting's modern melting technologies make it possible to recycle all sorts of commercially available aluminum scrap in an economically and environmentally sound manner. The key to this process is the specific knowledge as to the composition of the aluminum scrap material in order to optimize the entire production process.

In that respect the new scrap sampling facility was launched operationally in June 2008. The plant makes it possible to take scrap samples directly from the delivery trucks, melt them immediately and determine the chemical composition. At the conclusion of this process, the truck is directed to the respective scrap warehousing site. During the unloading, further samples are taken from the bottom layers and analyzed.

Specific knowledge of the scrap composition makes it possible to determine the mix of scrap types based on end-product requirements and optimize the melting process in terms of energy costs and emissions. The new equipment therefore makes a significant contribution toward improving the company's environmental balance sheet.

Annealing furnace in the rolling mill

The use of AMAG rolling products in applications with the strictest materials requirements necessitates high precision in creating the material composition, and thereby its mechanical properties.

AMAG rolling has installed and begun operating an annealing furnace for the heat treatment of aluminum strip and sheets in order to further develop its high-quality aluminum alloys business. The new equipment offers the optimal conditions based on long-standing metallurgical experience for adjusting the key processing parameters of temperature and holding time at the respective temperature levels to satisfy end product requirements.

Technical certification of continuous solution annealing furnace (BDZ III)

In August 2008, the technical certification of the continuous annealing furnace (BDZ III) was completed. The equipment enables the fully automated control of the heat treatment process, thereby ensuring that the required metallurgical properties of the aluminum strip are obtained with precision. In particular, the key parameters of temperature and holding time at the respective temperature levels can be adjusted during the annealing process along with the cooling speed in order to satisfy the most sensitive tolerances. In the annealing furnace, the temperature can be adjusted in 11 individual zones to within +/-0.5% of some 500 degrees Celsius. Following the heat treatment, the strip enters the tension leveler, where the shape (flatness) is set. The strip is then trimmed to its final width in the edge-trimming shear. These normally separate production tasks are thereby combined into one continuous process, which reduces expenses. The technical certification of BDZ III marks the completion of a key step in the development of our high-strength aluminum sheet activities, which primarily target the automotive and aerospace sectors.

Research and development

Under the organizational structure established at the beginning of the year, Group-wide responsibility for Research and Development was combined with the Corporate Technology (AMAG CT) department. The unit's main tasks include the conception and implementation of the R&D strategy, new and continuing development of products and processes, and application-oriented materials development. At the companies (AMAG rolling, AMAG casting), the R&D and Technology divisions are responsible for the operational implementation of R&D projects. The accredited test center — with divisions for metallography/physics, surface technology, chemical analysis/environment, and materials testing — provides both the test certificates needed for certification as well as the required parameters for the assessment of the R&D test results.

To increase the efficiency of its R&D activities, AMAG has created a science/technology advisory board. The board comprises AMAG executives and five university professors, whose expertise covers all AMAG's production areas. The advisory board helps to define the research and development strategy (identification and selection of new projects, determination of goal attainment in terms of quality and capabilities on pending projects), identification of strengths and weaknesses in the research and development area (recommendations on the technical positioning of the working groups), investment matters with respect to both the research and development and production areas.

The AMAG research and development process — from the initial application to the project completion — was restructured. The handling of R&D projects meets the requirements of ISO 9001, ISO/TS 16949 and EN 9100 standards. The special aerospace industry requirements are also met.

In order to implement R&D projects more efficiently, they were divided into projects of overriding importance, which are managed by AMAG CT, and smaller projects managed by the operating companies. The process for commissioning and approving projects was fundamentally overhauled and systematized. Goals and expectations have been more clearly defined and are now more verifiable. Regular internal and external project reviews with the main development partners ensure a goal- and market-oriented approach.

The following projects were awarded the innovation prize of Constantia Packaging AG:

- Product innovation economic: "Fast-hardening alloy AMG 615 for electrical applications" (AMAG rolling GmbH)
- Process innovation economic: "Melting furnace with regenerative burner and bottom stirring" (AMAG casting GmbH)
- Process innovation ecologic: "Reduction of bacteriological burden" (AMAG rolling GmbH).

At AMAG 75 employees work on R&D.

Cooperations

AMAG has cooperated for years with universities and research institutes in the area of innovation. This year, development projects were launched under the auspices of the COMET development program overseen by the Austrian Ministry of Transportation, Innovation and

Technology. In addition, we stepped up our cooperation with Leichtmetallkompetenzzentrum Ranshofen GmbH (LKR), and defined the strategic projects for 2009 and subsequent years. The key objective here is to further develop a long-term partnership with short communication channels. AMAG's successful cooperation with the University of Leoben and the Swiss Federal Institute of Technology Zurich (ETH Zurich) are continuing apace. In addition to common research projects, dissertations are currently being prepared in the areas of high-performance sheet and plate materials for the aerospace industry and process innovations for heat treatment and casting materials.

In the materials development area, simulations to optimize chemical compositions and thermo-mechanical treatment in the production process are increasingly important. These simulations provide a greater understanding of materials behaviors and make it possible to significantly reduce development times and expenses.

Activities in the current year

The certification activities with leading manufacturers in the aerospace industry continued in both the sheet and plate product segments. With respect to aerospace plate in particular, AMAG has achieved the requisite level of guaranteed quality production and thus the technical basis for supplying high-tech alloys in a broad range of thicknesses.

A dissertation on improving the continuous casting quality of multi-alloy aluminum rolling ingots is nearly complete and has led to significant improvements in the inner quality and structural composition. This process has made it possible to significantly reduce the volume of scrap on finished aerospace plate, which is determined using ultrasonic measurements in accordance with strict aerospace industry criteria. This makes a significant contribution toward enhanced productivity and the responsible use of natural resources.

To improve the quality of cold-rolled strip for the manufacture of foils at AMAG's sister company Teich, a long-term project with university backing has been launched. The project's main focus is the microstructural simulation of the rolling process for low-alloyed aluminum alloys with TPM (through process modeling) in order to achieve a breakthrough in understanding the process as it applies to this group of materials.

Projects examining aluminum sheet materials for the electronics industry are also being worked on. The goal is to achieve innovative design solutions for customers by satisfying particularly stringent strength requirements combined with excellent forming properties for these materials.

Capital expenditures

In 2008, AMAG had capital expenditures of €34.0 million, which were less than the depreciation totaling €44.1 million.

Last year, AMAG casting's secondary casthouse upgraded and expanded the capacity of its rotary-tilt furnace, with which it first implemented low-salt melting technology in 1999. The company also began installing a regenerative burner system in the existing dryer for aluminum shavings. This new installation will help to reduce energy consumption by around 25%, saving approximately 400,000 normal cubic meters of natural gas annually. That also translates into annual reductions in CO_2 emissions of around 700 metric tons.

The rolling ingot casthouse also made investments aimed at reducing its energy consumption and emissions. Another furnace was upgraded last year to include a regenerative burner system, which reduced energy consumption during the scrap melting process by around 30%. CO_2 emissions also fell by a comparable amount. By connecting another casting system to the existing cooling water circuit, the annual consumption of cooling water declined by around 500,000 cubic meters. Upgrades to exhaust systems of some casting furnaces made it possible to improve the production efficiency for the manufacture of high-purity materials. By far the greatest investment, however, involved the installation of a second EMC (electromagnetic) continuous casting facility, which should secure the rolling mill's targeted long-term growth in the area of rolling ingots for aerospace materials and high-strength alloys. The project's completion is slated for 2009.

Consistent with its strategy of pursuing continued growth in high-quality products, AMAG rolling made further investments to expand the hardening capacity of its rolling mill. An additional annealing furnace was purchased and brought online for the heat treatment of sheets and strips. For plates, work began on the assembly of three elevated temperature artificial aging furnaces. The rolling mill also took a key step forward in its quality efforts with the installation of state-of-the-art, automated thickness measurement and adjustment equipment in its hot-rolling mill.

AMAG service invested in new infrastructure and building projects on behalf of the production companies' new plants. One major project involved creating the transportation infrastructure as part of the reconfiguration of the entire scrap logistics chain. Specifically, the project was designed to ease traffic congestion caused by the significant increase in traffic volume on the premises. It also involved the creation of a central scrap sampling facility as well as additional covered storage areas and a scrap warehouse in order to avoid open-air storage and the safety risk posed by water infiltration in the scrap.

Preparations continued apace for the planned capacity expansion at the two casthouses and the rolling mill, which are essential components in the effort to build up the successful aluminum sheet and plate business for the aerospace and automotive industries along with the liquid aluminum business. The decision to follow through on these investment plans will depend on market conditions.

Corrugated Board segment

The company

In recent years, Constantia Duropack has become a leading market player in Central and Eastern Europe through its outstanding organic growth and acquisitions. At 12 production sites in eight countries in the CEE region, the company manufactures high-value and innovative products for numerous multinational and domestic business partners. The products include:

- Corrugated board
- Shipping packaging
- Displays
- Specialty corrugated board for hazardous goods
- Heavy duty corrugated board
- Fine corrugated board

At two plants, one in the Czech Republic and the other in Bulgaria, the company produces base paper made from recycled paper, which is the main raw material used in the production of corrugated board. The bulk of this production is used internally by the Group.

Founded in 1910 in Austria under the name of Erste Wiener Wellpappe, the company now known as Duropack AG has expanded primarily toward Eastern and Southeastern Europe. The company has thus taken full advantage of the region's robust growth. Today, the company has two plants in Austria (Vienna and Kalsdorf) and 12 others in Germany, Hungary, Slovenia, the Czech Republic, Slovakia, Serbia and, since 2005, Bulgaria.

Innovative packaging solutions that are both profitable and environmentally friendly

Constantia Duropack has always stressed the importance of sustainable development. Corrugated board packaging is produced using 70% recycled paper, and the corrugated board products themselves are 100% recyclable. Corrugated board production is thus an excellent example of business and environmental objectives going hand in hand.

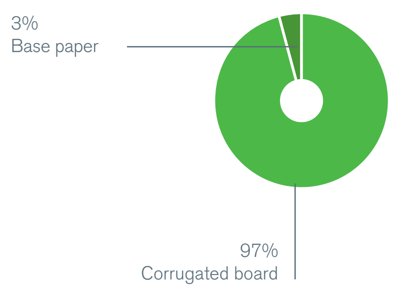
Shipping packaging represents the largest product segment. This type of packaging plays a vital economic role, since it comes in all sizes and is suitable for all types of transportation (road, rail, maritime and air).

The fluting in corrugated board makes it one of the most stable forms of packaging, as it can withstand pressure and shocks and thereby protect the packaged contents. The Group produces a variety of packaging types for the food, alcohol and tobacco industry, which is the largest customer segment and accounts for some 20% of sales: beverage cartons, fruit and vegetable packaging, impregnated packaging for shipping refrigerated and frozen products, and gift packaging. The next largest customer segments include the electronics, automotive and chemical industries, for which the company produces specialized packaging and chemical containers.

Another customer segment consists of corrugated board processors with innovative, specialized solutions such as office organization systems, mailing boxes, displays and decor systems, and corrugated board furniture. Constantia Duropack also develops packaging for hazardous materials transport.

Segment sales 2008 by region

Segment sales 2008 by division



Duropack Group customers include many well-known domestic and multinational companies. Customers appreciate being able to get everything from corrugated board to displays to high-quality flexo print under one roof.

Economic environment

In the corrugated board industry, profitability largely depends on local demand from within a radius of approximately 250 to 300 kilometers from the production plant. The largest customers are typically consumer goods manufacturers, and close collaboration with them is therefore an essential success factor. In recent years, customers have increasingly optimized their inventory management through just-in-time deliveries. Logistics costs such as freight forwarding and warehousing have a major impact on pricing. The rise in energy prices, notably in paper production, also has a significant impact on the cost structure.

Over the course of 2008, declining economic growth was noticeable in all markets. The “old” EU countries of Austria and Germany generated scarcely any growth at all last year. In the new EU countries and in Serbia, growth was indeed higher than in Western Europe, but noticeably weaker than in 2007.

2008 was also marked by the continued price declines for corrugated board base paper made from recycled paper. After reaching a high in 2007, the price per metric ton fell by around 25% in 2008.

2008 results

Corrugated Board segment sales rose by 2% to €334.6 million (2007: €327.7 million). The CEE region’s contribution to total sales was 59% in 2008, while Western Europe (excluding Austria) contributed 23%, and Austria 18%.

Within this segment, corrugated board division sales totaled € 326.1 million, or 97% of the total, while the base paper division’s sales amounted to € 8.5 million, or 3% of the total.

EBITDA rose by 2% from €46.8 million to €48.0 million, while the EBITDA margin remained essentially unchanged at 14.3%, compared with 14.3% the previous year. Operating income (EBIT) improved by 2% from €29.1 million in 2007 to €29.7 million last year, while the EBIT stayed the same at 8.9%. The number of employees fell slightly from 2,520 to 2,434.

Corrugated Board sales volume contracted by 6% from 644.0 million square meters in 2007 to 606.3 million square meters last year. Paper production increased by 3% from 153,444 metric tons to 158,379 metric tons, of which approximately 85% was processed internally by the Group.

In 2008, sales volume declined in all markets, with the exception of Serbia, where it rose by 20%. The decline in sales volume resulted from the deteriorating economic situation in nearly all markets as well as our deliberate portfolio streamlining. Low-margin product lines were dropped, thereby significantly improving the product mix.

Corrugated Board – Key figures (€ millions)	2008	2007	2006
Sales	334.6	327.7	290.8
EBITDA	48.0	46.8	40.1
EBITDA margin (%)	14.3	14.3	13.8
EBIT	29.7	29.1	24.1
EBIT margin (%)	**8.9**	**8.9**	**8.3**
Capital expenditures	19.9	21.5	21.7
Employees	2,434	2,520	2,504

2008 highlights

Acquisition of a 24.9% stake in the Croatian company Belisce d.d.

In 2008, Constantia Duropack took a bold step in its ongoing expansion into the CEE region by acquiring a 24.9% equity interest in the Croatian firm Belisce d.d. on the Zagreb Stock Exchange.

Belisce Group is the dominant producer of corrugated board and paper in the former Yugoslavia, as well as the largest collector of waste paper.

At ten sites in Croatia, Slovenia, Serbia and Macedonia, the company produces approximately 225 million square meters of corrugated board and around 215,000 metric tons of paper. In 2008, consolidated sales totaled approximately €175 million. The Belisce Group has more than 3,000 employees.

This strategic partnership significantly improves our secured supply of corrugated board base paper. It also creates substantial potential synergies through the coordinated supply of our corrugated board plants with base paper from the Belisce sites as well as from the existing Duropack paper plants in Bulgaria and the Czech Republic.

Roll-out of KIWI Plan

In 2008, the KIWI Plan software was successfully launched at the Bupak (Czech Republic), Turpak (Slovakia) and Starpack (Hungary) plants. KIWI Plan is a major component of our “SDS” (sell, deliver, service) project. The software was installed at the two Austrian plants in Vienna and Kalsdorf in 2006 and 2007. This project is designed to optimize the distribution, logistics and production processes along the entire supply chain. The comprehensive reporting will also lead to significantly enhanced transparency.

Awards confirm quality

On March 5, 2008, the Ansbach plant received the 120. Jobstar Award, which is given by the Nuremberg metropolitan region to companies that have demonstrated a strong commitment to apprenticeship training. In 2008, the Ansbach plant alone had 21 apprentices working in various functions at the company.

The Ansbach plant also received the German packaging award and the Worldstar award for its newly created “Easy Lock” packaging solution. This hazardous goods packaging product includes a resealable closure system and integrated palette.

Upgrades to paper-making machinery and new rotary die cutter at Trakia, Bulgaria

In February 2008, the Group launched the operation of its most modern four-color rotary die cutter with a working width of 2,800 mm. With maximum production speed of 10,000 sheets per hour, the new machine turns out all types of packaging, especially separators for fruit and vegetables.

The upgrades to the paper-making machines was completed on schedule in August 2008. The six old Russian cylinder mold formers were replaced with four vacuum forming machines, and the entire approach system was also upgraded. The reconstruction of the entire wet end and the extra felt, added to the first presses, makes it possible to increase production of waste based fluting and Testliner in paper densities ranging from 100-200 g/square meter by 27,000 metric tons to 82,000 metric tons.

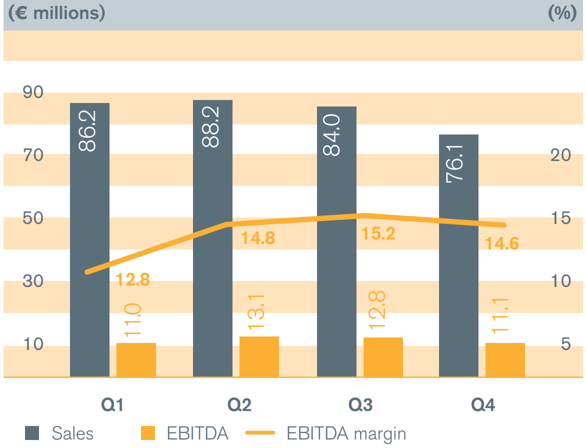
Record production volume at the Bupak plant in the Czech Republic

Last year, the plant produced 106,000 metric tons of paper, the largest volume in its history. Productivity has been significantly enhanced in recent years through ongoing investments and other improvements.

New Masterline at Turpak plant in Slovakia

The investment in a Masterline and Mastercut in January 2008 has given the company a state-of-the-art flexographic printing machine with connected flatbed die cutter. With a maximum format size of 2,100 x 1,300 mm and four color printing, the unit produces the highest-quality die cut packaging for the high-end market. This state-of-the-art, full production line has made a significant contribution to the plant's overall product portfolio.

Sales, EBITDA and EBITDA margin trend Q1–Q4/2008
(€ millions) **(%)**



Research and development

In the Corrugated Board segment 63 employees work in R&D. All plants use the most advanced technology and are equipped with CAD systems, CAD plotters and support systems.

Working with our customers, we develop innovative packaging solutions that satisfy all requirements in terms of providing optimum protection for the packaged goods as well as efficient packaging processes for the customer.

All Constantia Duropack product developments are designed to be reusable and integrate recycled material.

Easy Lock packaging

This product, developed at the Ansbach plant (see above), consists of a resealable hazardous goods container with an integrated corrugated board palette. The advantages for our customers include reduced hurdles regarding import restrictions, less weight and therefore lower shipping costs as well as the possibility of multiple opening and closing.

Capital expenditures

The Corrugated Board segment's capital expenditures totaled €19.9 million in 2008, down from €21.5 million the previous year. Along with ongoing investments in fire prevention and optimization measures, they were aimed mainly at the upgrades to the paper-making machinery at Duropack Trakia. This investment will increase annual production capacity by 25,000 metric tons to around 82,000 metric tons. The segment also invested in high-value processing machines. In 2008, depreciation totaled €18.3 million.

Another major investment was the rotary die cutter with four print stations at Duropack Trakia, Bulgaria, which will enable higher print quality and expand the print and die cutting capacity. A new inline machine with three print stations was installed at Starpack, Hungary.

Flexible Packaging segment

The company

Constantia Flexibles (Flexible Packaging) was created by joining the former Teich Group, founded in Austria in 1912, and the former Haendler & Natermann Group, founded in Germany in 1825. The integration of these two companies in recent years along with the successful integration of Constantia Hueck Foils and all its subsidiaries in 2007 has made Constantia Flexibles a single reference point for customers to satisfy their human food, pet food, pharmaceutical and beverage packaging needs. Consistent with the motto "One face to the customer", the company has also adopted a common brand image.

Today, Constantia Flexibles has 33 production facilities in 13 countries, making it a globally active partner and key supplier to the food, pet food, beverage and pharmaceutical industries. It supplies customers around the world, with Europe as the main regional focus.

Success in three divisions

Constantia Flexibles offers customers a comprehensive portfolio of high-value and innovative packaging made from aluminum, paper and plastic. Reflecting the requirements of our customers, the Flexible Packaging segment consists of three divisions:

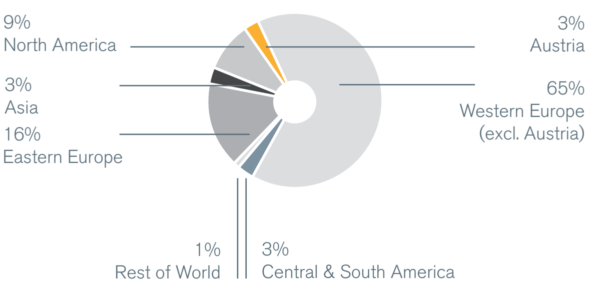
- Dairy & Food
- Pharma & Film
- Labels

Constantia Flexibles' cultural diversity enables it to satisfy the needs of all international customers, not just as a supplier but more importantly as a partner. The company works closely with customers and packaging machine manufacturers to develop innovative and environmentally friendly packaging solutions.

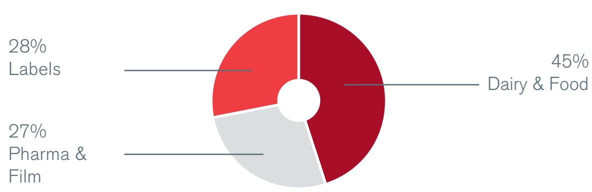
By focusing on attractive market segments, Constantia Flexibles is the market leader in key product groups. The company wins customers through its specialized know-how, high degree of flexibility and speed.

With Europe's most technologically advanced aluminum rolling mill at its Mühlhofen site, the Group has direct control over a key basic material. This arrangement enables rapid, flexible and innovative product development and manufacturing, as well as a consistent quality standard at the production sites.

Segment sales 2008 by region



Segment sales 2008 by division



Dairy & Food

The division's main products include closure systems for the dairy industry (including resealable lids), butter and cheese foils, wrap-around and shrink-sleeve labels for the milk segment of the dairy industry, confectionery packaging (including chocolate bar foils), pouches for soups, sauces and ready-made meals.

In the Alufoil container and retort packaging systems segment, we have become a leading global supplier of integrated aluminum tray and lid systems following our acquisition of Constantia Aloform based in Werdohl, Germany. The vertically integrated production extending from foil manufacturing through the end product is therefore decisive for success. Coating systems tailored to specific customer needs ensure ideal preservation and freshness for each content type.

The Division Dairy & Food comprises 13 facilities in seven countries.

Pharma & Film

This division produces aluminum packaging materials for drug and medical/cosmetic applications such as pills, capsules, powder and medical technology products.

In this market segment, the Group is a leading global producer of flexible packaging. The development of our Natschbach-Loipersbach plant into a pharmaceuticals packaging center with clean-room production capabilities combined with our Pharma Center II at the site in Weiden, Germany, ensure that we continue to meet the increasingly high demands of our customers in the future.

In 2008, the Division Pharma & Film continued to grow, mainly in the coldform film area. This type of film is a three-layer laminate of OPA, aluminum and PVC, and is used mainly in complex applications and dosage forms, and to package pharmaceutical products for tropical and sub-tropical climates. Constantia Flexibles recognized the growing demand for this type of packaging early on, developed the appropriate product range and is now reaping the rewards of this forward-looking approach.

Another company strength is the manufacture of security foil, an aluminum foil with partial silvering. In this process, logos, writing and text can be integrated directly into the aluminum foil, making it practically impossible to counterfeit. These foils are used in the manufacture of tamper-proof pharmaceutical packaging and offer consumers greater security. They are increasingly being used by our multinational customers.

The Pharma & Film division production is based at seven sites in six countries.

Labels

The division's product portfolio includes labels made from aluminum, plastic and paper. Since we offer comprehensive solutions, we are a key partner for the beverage industry. Our Belgian subsidiary, the Verstraete Group, is one of the industry's leading providers of in-mould labels.

The proximity of our plants to bottlers and end-customers in Europe, North America and China allows us to satisfy even the most demanding customer service requests.

Flexible Packaging – Key figures (€ millions)	2008	2007	2006
Sales	1,025.8	1,028.6	766.3
EBITDA	138.5	143.1	107.6
EBITDA margin (%)	13.5	13.9	14.0
EBIT	88.1	79.9	70.0
EBIT margin (%)	8.6	**7.8**	**9.1**
Capital expenditures	71.0	72.0	69.6
Employees	4,600	4,518	3,626

The Division Labels has 13 production facilities in seven countries.

Economic environment

Despite the significant decline in economic growth, the flexible packaging markets fared relatively well, although their performance was down substantially from the boom year of 2007. Some key clients have had to contend with stagnant or declining sales following the major economic downturn in the second half of last year. Until recently, the markets were still burdened with high commodity prices and a weak dollar.

2008 results

Last year, the company was able to overcome challenging market conditions and generate satisfactory results by strengthening its sales activities and implementing a series of cost reduction, productivity enhancement and product innovation measures.

Segment sales totaled €1,025.8 million in 2008, essentially unchanged from €1,028.6 million the previous year. Broken down by region, Western Europe (excluding Austria) led the way with 65%, followed by Eastern Europe with 16%, North America with 9%, Asia with 3%, Austria with 3%, Central and South America with 3% and the rest of the world with 1%.

The sales breakdown by division was as follows: Dairy & Food €487.6 million (45%), Pharma & Film €297.6 million (27%) and Labels €299.3 million (28%).

Earnings before interest, taxes, depreciation and amortization (EBITDA) totaled €138.5 million in 2008, down from €143.1 million the previous year. The corresponding EBITDA margins were 13.5% and 13.9%. The decline was largely attributable to the company disposals in 2007. Operating income (EBIT) rose by 10% to €88.1 million in 2008, up from €79.9 million the previous year. The corresponding EBIT margins were 8.6% and 7.8%. The increase in EBIT was due to the reduction in capital expenditures in the fourth quarter as well as non-recurring impairment charges in 2007 totaling €12.7 million. Capital expenditures stood at €71.0 million, above the €50.3 million in scheduled depreciation. The number of employees increased from 4,518 in 2007 to 4,600 last year.

2008 highlights

World StarAward and Alufoil Trophy 2008

The lid specification for the specialty, single-serving packaging of the hot chocolate beverage "Chocomel Hot" received a WorldStar Award and the Alufoil Trophy 2008.

ISO 14001 certification

Companies are increasingly using environmental management systems compliant with ISO 14001 in order to establish an organizational framework for the implementation of their own environmental policies. These systems and the corresponding certifications also demonstrate to customers that the company highly values the systematic implementation of environmental protection measures. Customer requirements with respect to environmental management are also constantly growing for flexible packaging manufacturers.

As a first step, the Rolling Mill II in Mühlhofen received ISO 14001:2004 certification. During this process, much emphasis was placed on the laws and decisions to be applied as well as environmental and workplace safety issues. A central requirement of ISO 14001 is the continuous improvement of a facility's environmental performance.

Constantia Aloform GmbH joins Constantia Flexibles

On May 5, 2008 a joint-venture agreement was signed with the Swiss company Alupak AG, through which 70% of the shares in the newly founded Constantia Aloform GmbH in Werdohl, Germany were acquired. The remaining 30% equity interest remains owned by Alupak AG.

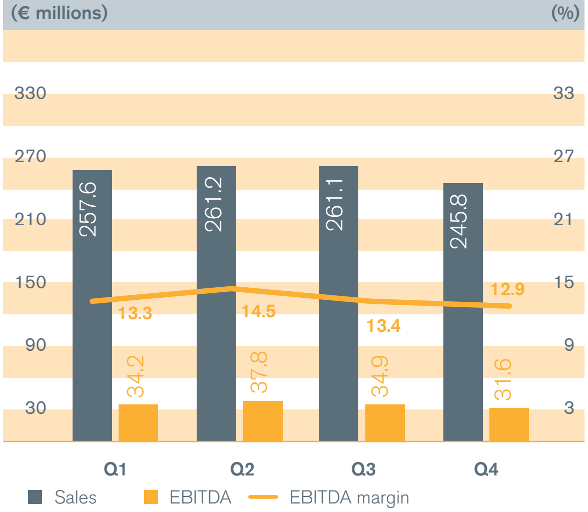
With this strategic acquisition, Constantia Flexibles becomes a leading manufacturer of Alufoil container systems, thereby providing innovative products to human food and pet food customers around the world.

Research and development

Best Innovator

Once again in 2008, Constantia Flexibles introduced a large number of innovations. An Innovation Management Team (known by its German acronym "IST") ensures that an established, structured innovation process is instituted at the company. The success of the IST initiative was clearly demonstrated when the company received the "Best Innovator" award for its innovation organization and culture. The Best Innovator competition was sponsored by the Austrian Economics and Labor Ministry, and featured companies that set new standards in the area of innovation management. This award underscores the high value placed on innovation by Constantia Flexibles. A key element was the implementation of an open, structured platform for customers, suppliers and employees. This platform serves to generate ideas and promote projects all the way through to the successful implementation of market-ready innovations.

Sales, EBITDA and EBITDA margin trend Q1–Q4/2008
(€ millions) **(%)**



The efforts to further develop innovation management have already resulted in several successes, including such products as the Comfor Lid, Chocomel Hot, Mono-FFS-Web, Low Seal Lidding, Wrapstar®, Security Foil, Alufoil container systems in the shape of an animal's head (Pet Headtainer) and many more.

iF Packaging Award at Interpack 2008 for the Comfor Lid

The Comfor Lid consists of an aluminum and plastic layer (optimal puncture resistance), with an integrated drink opening. This drink opening enables precision pouring or drinking directly from the container, as well as a possible resealing function. The advantage for the manufacturer is that no additional investments are necessary. The Comfor Lid can be used in existing filling machines and replaces the traditional snap-on lid. The advantage for consumers is that the Comfor Lid is ideal for liquid and liquid yoghurt products. It is a convenient packaging for travel. The supple drink opening has a pleasant feel on the lips. This innovation is also microwave-compatible. Given all these advantages, the innovation has understandably garnered lots of attention and received the iF-Packaging Award for "Packaging Material" at Interpack 2008.

WorldStar Award 2008 and Alufoil Trophy 2008 for Chocomel Hot and nomination for the European Aluminium Award 2008.

Chocomel Hot is a lid specification developed by Constantia Flexibles for single served hot chocolate drinks. The product consists of a plastic cup, which is sealed on the top with a purpose-built two-tiered lid and on the bottom with a deep-drawn lid with a premarked puncture opening.

The consumer pulls back the first layer of the printed surface film to reveal a plastic lid with tiny, carefully placed holes. The single-serve container is placed in a special attachment for Senseo® machines. Hot water is then forced through the tiny holes of the plastic lid into the single-serve container filled with cocoa powder. The hot chocolate beverage then flows into a cup through the sealed, bottom lid, which is punctured by the Senseo® machine. This innovation allows customers to enjoy a warm chocolate beverage, prepared in seconds to their exact liking.

Chocomel Hot received the WorldStar Award 2008 and the Alufoil Trophy 2008, and was nominated for the European Aluminium Award 2008.

The WorldStar Award is sponsored by the World Packaging Organisation (WPO) and promoted internationally, with entries judged by a technical jury. The WPO awards prizes for primary and secondary packaging, all materials included. The Alufoil Trophy is sponsored by the European Aluminium Foil Association (EAFA), and also includes international contestants. The EAFA awards prizes to aluminum-based packaging and technical products.

Innovation award for Mono-FFS-Web

The Mono-FFS-Web is a joint development by Constantia Hueck Folien and Teich AG that promises to usher in a worldwide revolution in the traditional lid market for sealing pots.

This mono-material is technically capable of replacing standard laminate specifications such as “Flexpap” (paper/PET laminate) or “Alu/PET”. The Mono-FFS-Web satisfies key customer requirements by offering the following advantages:

- Excellent print quality in high-gloss look
- No moisture sensitivity
- Suitable for hydrogen peroxide or steam sterilization

Given the reduced materials consumption and advantages of a mono-material, the Mono-FFS-Web offers savings in the area of waste disposal, which translates into concrete savings in waste disposal fees. The Mono-FFS-Web is also more cost-effective than previously used laminates in the manufacturing process. The Mono-FFS-Web received the Constantia Packaging Innovation Award in the category of “environmental product innovation”.

At Constantia Flexibles 76 employees work in R&D.

Capital expenditures

In 2008, capital expenditures totaled €71.0 million, compared with €72.0 million the previous year, and depreciation amounted to €50.3 million.

Dairy & Food

To meet the high standards of a market-leading producer of lids and Alufoil container systems, the division focused its capital expenditures on die cutters, presses and control equipment for the manufacture of high-value products.

A wide slitting machine compatible with the width of the new die cutters was put into service. The division also invested in a laser equipment needed to produce innovative products such as Chocomel Hot, thereby enhancing our competitiveness. In Poland, we continued our efforts to specialize the Kleszczów plant on laminated film packaging for the food industry by authorizing the purchase of a laminating machine, and we strengthened the positioning of our plant in Joinville, France, our mainstay for butter wrappers, with a new flexographic printing machine.

At the Mühlhofen plant, an extrusion pilot test plant was established, which will make a significant contribution to the expansion of our R&D infrastructure. Extrusion coating is a core competency for the development of our innovative products such as low seal lidding and Chocomel Hot.

Pharma & Film

In the Division Pharma & Film, we successfully completed two major projects in 2008. The first involved the expansion of Pharma Center II at Constantia Hueck Folien in Weiden, including the installation of a gravure printing press and slitting machine in a clean room as well as the extension of the pharmaceutical concept at Constantia Patz through the operational launch of a lacquering/laminating machine in a clean room.

Labels

At Haendler & Natermann in Hannoversch Münden, Germany, we invested in a new production line to optimize and expand the paper label finishing activities. The new line was launched operationally in early 2009.

Groundbreaking on a new self-adhesive label manufacturing plant in Heiligenstadt, Germany marked another positive signal for the expansion of our label production activities.

The offset printing technology at the Drukkerij Verstraete (Belgium), Sim'Edit (France) and Novis (Romania) plants was upgraded to the latest technological standards, which will enable these sites to continue to serve customers in a competitive manner.

In 2009, in addition to completing the investment projects already begun, the Group will continue to move ahead with its expansion project for the Rolling Mill II facility, which began in 2008, as well as lay the groundwork for capacity expansion projects in the areas of extrusion and gravure and offset printing. Given the challenging economic situation, investment projects for 2009 will be precisely weighed, carefully planned and implemented in a manner that reflects market conditions.

Key financial performance indicators

Return on Capital Employed

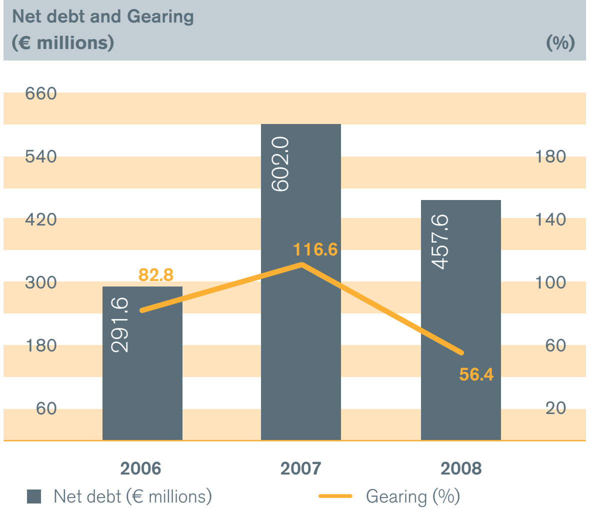
Return on Capital Employed (ROCE) is defined as the relationship between the net operating profit after taxes (NOPAT) and average capital employed, and measures the company's profitability relative to its average capital employed, which consists of average equity plus net debt (long- and short-term debt less cash and cash equivalents and securities) for the period.

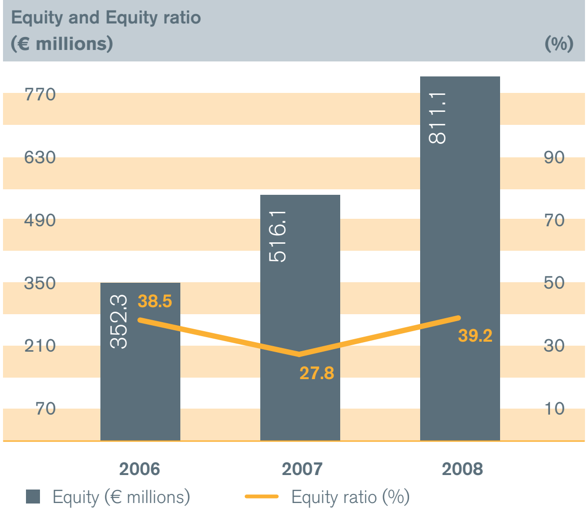
Constantia Packaging AG's return on capital employed (ROCE) fell from 14.9% in 2007 to 10.1% last year. This decrease resulted on the one hand from the drop in net operating profit after taxes (NOPAT) due to the non-recurrence of negative goodwill at AMAG last year compared with 2007, and on the other from the increase in average capital employed due to the hybrid capital issue and financing for the acquisition of the 40% interest in Duropack Group and the equity investment in Belisce d.d. Group.

Return on Equity

The Return on Equity (ROE) is the ratio between net income and average equity, and measures the company's profitability based on the average equity during the year.

The return on equity (ROE) fell from 25.5% in 2007 to 14.9% last year as a result of the hybrid bond issue and the non-recurrence of negative goodwill at AMAG last year compared with 2007.





ROCE and ROE calculation (€ millions)	2008	2007**	2006
Net income	99.2	110.8	61.8
Net interest income	28.7	26.5	13.3
Tax on interest income	(7.2)	(6.6)	(3.3)
NOPAT	120.7	130.6	71.8
Equity*	663.6	434.2	331.0
Long-term debt*	368.1	300.5	227.1
Short-term debt*	235.7	210.0	108.9
Long- and short-term securities*	(4.7)	(12.2)	(20.6)
Cash and cash equivalents*	(69.2)	(53.2)	(34.8)
Capital Employed*	**1,193.6**	**879.2**	**611.6**
ROCE (%)	**10.1**	**14.9**	**11.7**
Net income	99.2	110.8	61.8
Equity*	663.6	434.2	331.0
ROE (%)	**14.9**	**25.5**	**18.7**

* Annual average ** Partially adjusted to purchase price allocation AMAG according to IFRS 3

Equity ratio and gearing

The equity ratio measures equity relative to total assets, while gearing measures the ratio of net debt (long- and short-term debt less cash and cash equivalents and long- and short-term securities) to equity.

Following the issuance of a profit participation bond, the equity ratio rose from 27.8% in 2007 to 39.2% last year. Gearing improved from 116.6% in 2007 to 56.4% last year, largely as a result of the increase in average equity following the hybrid capital issue.


CARE
To satisfy also the small
needs of its more than
10,000 customers,
Constantia develops
tailor-made solutions
often in partnership
with these customers,


CARE
To satisfy also the small needs of its more than 10,000 customers, Constantia develops tailor-made solutions, often in partnership with these customers, as is the case for the specialized security foil used in drug packaging.


DARE
Thanks to its skilled employees, Constantia can develop sustained partnerships with multinational companies in the aerospace, consumer goods, beverage, pharmaceutical and food industries, providing these customers with added benefits.
CARE
To satisfy also the small needs of its more than 10,000 customers, Constantia develops tailor-made solutions, often in partnership with these customers,


CARE
To satisfy also the small
needs of its more than
10,000 customers,
Constantia develops
tailor-made solutions,
often in partnership
with these customers,
as is the case for the
specialized security foil
used in drug packaging.

Human resources

International employee base

At Constantia Packaging AG, we view our employees as the key factor for our success and as human resources whom we value and support. Our shared values are based on treating one another with respect as well as directly and actively recognizing the contributions of others. As a leading company, we expect top performance, and are prepared to do more to get it. Quite naturally, therefore, we provide outstanding apprenticeship training and continuing education for our employees. At all of our companies, we invest in comprehensive measures for employee skills training, personal development and health and safety.

We do not just pay lip service to these principles, but practice them, as illustrated briefly below.

In 2008, Constantia Packaging AG had an average of 8,241 employees, a 1% decrease from the 8,354 employees in 2007. By segment, the relative number of employees broke down as follows: Aluminum 14%, Corrugated Board 30%, Flexible Packaging 56%. The regional breakdown clearly shows that we are a European company with global activities, as Western Europe (excluding Austria) leads the way with 34%, Austria with 32% and Central and Eastern Europe with 31%, followed by North America with 2% and Asia with 1%.

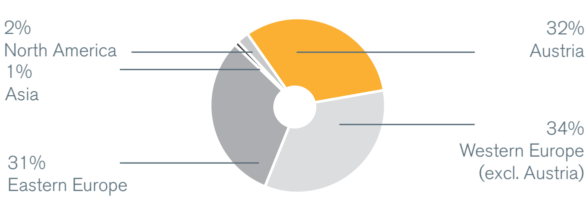
The industrial nature of the Group's activities translates into a relatively high share of blue-collar employees, with 69% (compared with 71% the previous year), while female employees made up 24% (as in the previous year) of the workforce in 2008. To facilitate the integration of female employees, most facilities have agreements regarding financial support for child care. Our compensation systems are performance-oriented and merit-based. Thus we offer all employees equal workplace opportunities.

We offer flexible working hours at some Group companies in order to stay current with changing market conditions and meet the needs of a modern workforce. These programs are adapted to both company and employee needs in a manner compatible with the various applicable labor regulations and collective bargaining agreements.

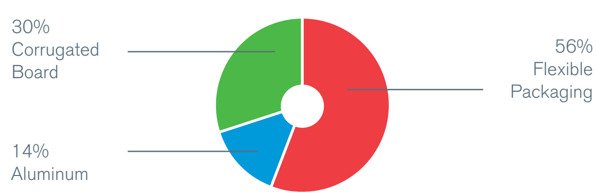
Our bi-lingual German/English newsletter is a key means of communication and building block for our company identity. Five issues were published last year, enabling all of our employees to keep informed about the latest developments. This newsletter therefore makes a significant contribution toward adding value as well as the Group's development across national borders and company boundaries.

Constantia Packaging AG is an attractive employer. Much of our business is only marginally affected by cyclical market fluctuations, thanks to a first-rate customer base in the international food, beverage and pharmaceutical industries, with whom we enjoy long and outstanding relations. We also offer a performance-based compensation system, benefits such as subsidized cafeterias at the plants, sporting activities, company outings and cultural events. The consistently large percentage of employees with more than 10 years of service at the company — 49% of the total in 2008, equal to the previous year — illustrates the high level of satisfaction among our employees and the degree to which they identify with "their" company.

Employees 2008 by region



Employees 2008 by segment



Management Development

As a multinational corporation, Constantia Packaging AG offers global career development opportunities, and a tailor-made platform for developing management talent, i.e. the Constantia Academy for Management and Leadership. This program was founded in 2006. In the „Leadership Program", up-and-coming management talents learn traditional management skills in five learning sessions, each lasting five days, over an 18-month period. In between these sessions, the young managers can apply their newly learned skills directly on a daily basis. In 2008, the second matriculating class completed the program, and a third class consisting of 20 international participants began its coursework. A fourth matriculating class is scheduled to begin in spring 2010.

The „Strategic Leadership Program" was developed for the Group's future top management. In addition to providing managers in the distinct operating segments with additional networking opportunities, the program is noteworthy in that it develops top management from within. Last year, 12 long-standing managers began the program, which consists of four learning sessions, each lasting three days over the course of a year at various Group sites. The program focuses on the individualized continuing education of the respective managers, the immersion in strategic competencies and instruction on how to take responsibility for the management of larger units.

The Group also offered a number of events and workshops on selected topics, such as International Financial Reporting Standards (IFRS), the Group's identity and values, innovation and corporate social responsibility and sustainability.

Human resources development across all segments

All Group segments implement ongoing measures for targeted human resources development. AMAG rolling and AMAG casting held several employee retreats, where topics such as personnel recruiting, organization and development were discussed in order to raise awareness with respect to employee development and ensure a consistent approach. At Duropack, all managers in the production, sales and finance departments, as well as the respective managers at the segment level met to launch and support company-wide projects such as working capital management, customer surveys, etc. Constantia Flexibles demonstrated its emphasis on human resources development through management training at Teich, with 60 participants. This program naturally included cross-departmental know-how transfers in the area of quality management, support for technical school training in the technical apprenticeship program, foreign experience in the United States and, notably, master apprenticeship training.

We are very proud of the apprenticeship training that we provide in several of our Group companies. Naturally we hope that the young employees in our Group will remain enthusiastic about our company after they have completed their apprenticeships. That is no minor task, since these apprentices are in demand at other companies. Last year, we provided training for 235 apprentices at our plants in Austria and Germany. In 2008, the Ansbach plant of Constantia Duropack received the 120. Jobstar award from the Nuremberg metropolitan region for its outstanding commitment to apprenticeship training. Constantia Flexibles developed an apprentice curriculum that would provide additional training to complement the dual theoretical and practical training already offered. AMAG founded an apprentice training center based on an experiential education approach, i.e. where activity-based and experiential learning take center stage. The main areas of focus for this program include communications, conflict management, holistic thinking and teamwork.

Continuous improvement

The Continuous Improvement Process (CIP) is firmly embedded in our corporate culture and represents a key success factor. All Group companies have idea management and improvement programs for products and processes. At AMAG alone, the employees contributed more than 9,600 suggested improvements, which generated nearly €10,000 in first-year net benefit per employee. The CIP system is an integral part of AMAG's company philosophy. Its purpose is to transform the specific experiences and individual creativity of each employee into something useful. All processes, in particular those in the areas of product development, production and distribution are continuously evaluated for potential improvements with respect to quality, cost, time and waste reduction. Improvements having to do with workplace safety and working conditions are also a key component of the CIP efforts.

Health and workplace safety

For years, all Constantia Packaging Group companies have maintained policies to promote health and increase workplace safety. At AMAG, Vitalcheck offers every employee financial support for health promotion measures in the areas of nutrition, fitness, stress reduction and smoking cessation. Managers and employees joined together in health circles to implement measures aimed at improving working conditions. In 2008, there were more than 100 proposals in this respect.

In the Corrugated Board segment, employee health is highly valued. In Bulgaria, for example, all employees and their families have access to medical care including a dentist's office.

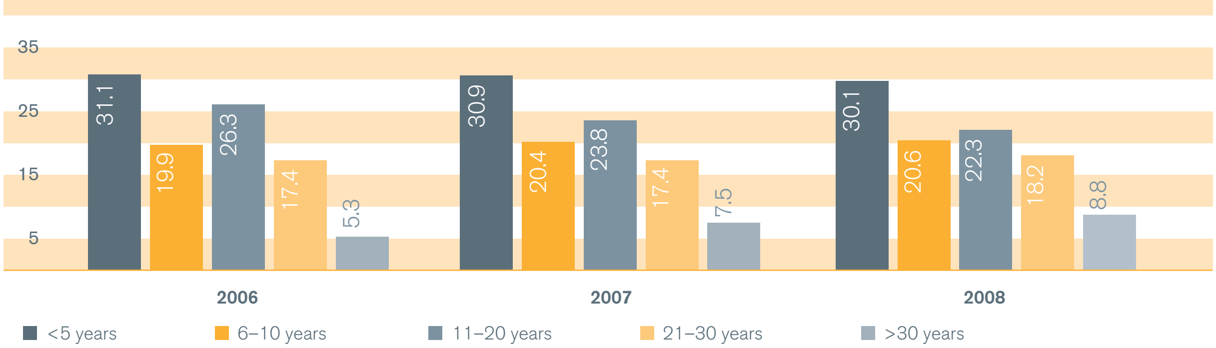
In the Flexible Packaging segment, Haendler & Natermann has established a program that includes back care education, nutrition tips and cardiovascular training in conjunction with the corresponding public health agencies. The rollout of this program at the German subsidiaries is planned for this year.

Thanks to targeted programs to increase workplace safety, the number of workplace injuries fell once again last year.

Constructive teamwork

We value the importance of open and timely communication with employee representative organizations. At the May 2008 annual meeting of the Group's European works councils in Regensburg, AMAG was introduced as a new member and the topics of workplace safety, accident statistics and employee training were discussed.

Employee length of service (%)



Corporate social responsibility

For an internationally active company like Constantia Packaging AG, it is just as important to contribute to society by providing goods and services in an environmentally efficient manner as it is to provide support to those areas where it can make a difference quickly and effectively as part of its overall corporate social responsibility practices.

We believe that corporate social responsibility is fundamentally important in all countries where we do business. In addition to our business goals, we assume responsibility for ensuring that our progress is achieved in a manner consistent with environmental and social needs. The values and ethical principles that guide our business activities form the basis of our global social responsibility. We consistently apply the Group's Code of Ethics.

The sustained growth of our Group's value is one of our basic goals. As a listed corporation, we also want to appeal to investors who value the importance of sustainable corporate governance. We therefore recognize the importance of being included in the Austrian Sustainability Index (VÖNIX).

We measure the performance of CSR indicators based on the guidelines for sustainability reporting issued by the Global Reporting Initiative (GRI) R3. Sustainability at our company covers the triple bottom line, namely economic, environmental and social responsibility.

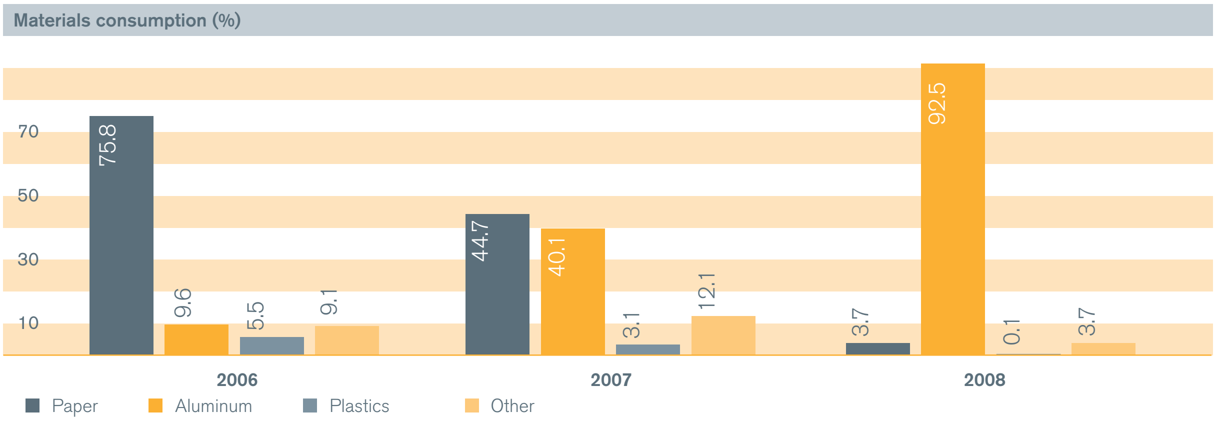
Economic responsibility

The Group-wide compliance guidelines for 2008 were applied in all segments. Compliance officers were assigned to the respective business segments and the holding company, and internal control standards were introduced to ensure the systematic application of the guidelines. For the past several years, a fair competition compliance program has been in place throughout the Group, ensuring that all three segments satisfy the fair competition principles and rules promulgated by the EU competition authorities.

Operating a business involves closely weighing strategic and operating risks and opportunities. We assess these risks and opportunities through systematic risk management. More information on this topic is available in this annual report in the section on risks and opportunities.

We strive to continuously optimize our technical and operating processes. At AMAG, for example, a newly created Management Systems technical division is now responsible for areas such as quality, environmental protection, continuous improvement and workplace safety.

Our quality management ensures the continuous refinement of our quality standards as well as those of our suppliers. All production facilities have already received ISO 9001:2000 certification, with the exception of Constantia Hueck Foils, which will be certified in the first half of 2009. Our plants have also been certified to be in compliance with the most important norms and standards of our customer sectors. Such certification is a major success factor for our long-term partnering



with customers in all of the respective customer segments, notably the multinational beverage, food, pharmaceutical, automobile and aerospace industries.

Environmental responsibility

We are committed to environmental responsibility as part of our business approach. We achieve this goal by adhering to the following principles:

- Regard for and minimization of potential environmental risks in the selection of production technologies
- Use of environmentally friendly materials and substances in our product portfolio
- Use of every opportunity to reduce air, soil and water pollution and to reduce greenhouse gas emissions and waste through appropriate measures
- Maximized use of low-impact and environmentally friendly technologies while continuously optimizing the material inputs.

Our products have a high degree of recyclability, including 100% in the case of aluminum and Corrugated Board. In the Flexible Packaging segment, the products are approximately 75% recyclable. The Aluminum and Corrugated Board segments each use approximately 75% recycled material, i.e. scrap and base paper with recycled content.

We place great emphasis on the continuous optimization of our input materials consumption, in particular paper, aluminum and plastics.

Measures to minimize the consumption of electricity and natural gas are a major success factor during lengthy periods of steadily rising energy consumption.

The difference in materials consumption resulted from the first-time full consolidation of AMAG in 2008.

By integrating a modern regenerative burner system into its equipment, AMAG significantly reduced its energy consumption during the melting process in the casthouse. With this burner system, the energy stored in the flue gas is used to preheat the combustion air. That leads to a significant reduction in energy consumption and consequently CO_2 emissions. By adjusting the gas/air ratio based on the dissolved oxygen content in the flue gas, the energy value of the organic scrap impurities are used for the process and harmful flue gases are minimized. Further energy savings are generated by using electromagnetic stirrers, which stir the solution and limit surface overheating, thereby improving the energy yield.

At the AMAG subsidiaries, managers were appointed and assigned responsibility over such areas as waste management, hazardous materials, fire prevention, wastewater and radiation protection. Each quarter, an environmental planning team meets in order to monitor the progress made with respect to the implementation of environmental measures.

In the Flexible Packaging segment, Teich company launched a project to optimize the energy recovery during the burning of solvent-laden exhaust air as part of its efforts to purify the exhaust emissions of the varnishing and printing machinery. To reduce gas consumption and related CO_2 emissions, waste heat from the burning of exhaust air is recirculated back into the production process and used to heat the machines or the drying covers.

The heat recovery system, which first went online in 2007, generated annual reductions in CO_2 emissions of 1,200 metric tons.

A comprehensive energy initiative at Constantia Patz will provide significant savings in gas and electricity consumption. The establishment of a Group management system in the area of quality and food safety will result in a consistent approach to global contracts, more transparent audits and the use of verified processes for food legislation and confirmation while ensuring that common basic procedures are applied throughout the Group.

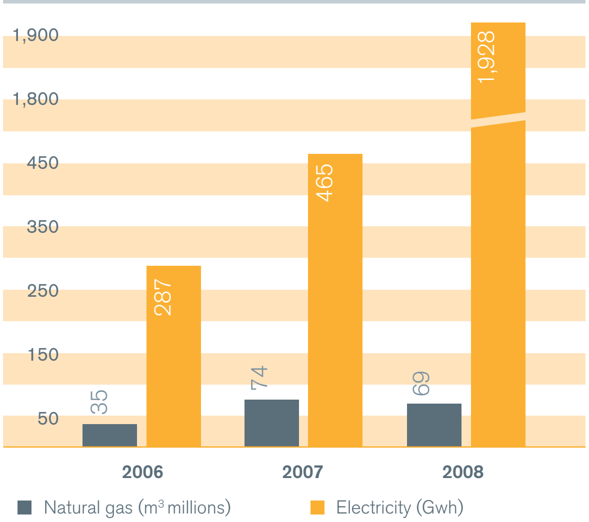
In July 2008, Teich won the "Helios" energy efficiency award with its "RT03 exhaust air treatment heat recovery system". 2008 was the first year that the Economic Chamber of the federal state of Lower Austria gave out this award, which singles out noteworthy achievements in the areas of alternative energy, energy efficiency, integrated total solutions and mobility.

At AMAG, the installation of a modern filtration system led to significant reductions in dust emissions. These emissions are now below 10% of the allowed threshold, even after this threshold was lowered from 20mg/Nm³ to 10mg/Nm³ in accordance with IPPC guidelines.

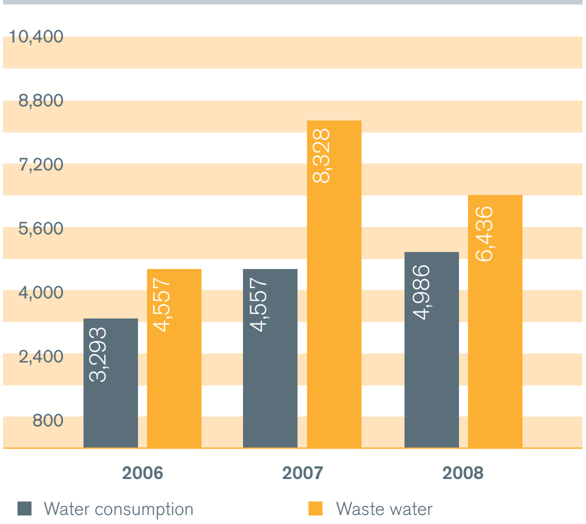
The replacement of a rotary drum furnace with a rotary tilt furnace at the alloy foundry made it possible to cut down on the use of melting salt, and thereby reduce the amount of slag build-up.

At the rolling ingot casthouse, a cooling circuit was closed in a foundry pit, helping to reduce cooling water consumption by more than 1,500m³ per day.

Energy consumption



Water consumption and waste water volume (m³ thousands)



At the rolling mill, cooling circuits were closed on both a continuous solution annealing furnace and a horizontal tempering furnace, resulting in reductions of approximately 1,500m³ per day. The company also plans to use the stored energy in the circulation system for heating purposes, which will enable further cost reductions.

In 2008, Constantia Packaging AG invested €3.4 million in environmental protection measures, compared with €3.7 million the previous year. These measures spanned from maximizing the use of raw materials to product development and production to waste management and recycling. We view our environmental policy measures as a dynamic and long-term process that leads to increased and sustained business success. Environmental protection is the complete responsibility of management and all employees to ensure a healthy and livable environment.

Social responsibility

Constantia Packaging AG companies take comprehensive steps to support human rights and prevent child labor and forced labor, in accordance with the respective laws in effect. The management guidelines strictly prohibit discrimination on the basis of race, origin, religion, disability, gender, sexual orientation, political beliefs or union membership.

We also value the importance of being good neighbors in the areas where our sites are located, and actively assume social responsibility. All plants and facilities are therefore urged to become actively involved in supporting social causes.

AMAG, for example, provided support for renovating the ageing kitchen facility at the Diakoniewerk residential complex in Braunau, with help from local building trade companies. This initiative enabled seven disabled people to regain considerable autonomy in their daily lives. Another project involved the home renovation for a paraplegic person, who in fact was already receiving voluntary and energetic support from an AMAG employee.

The Flexible Packaging segment supported a social initiative on behalf of needy schoolchildren in Pielachtal (Lower Austria), provided support for the immediate family of drug abusers and educational courses for long-time unemployed workers to help them reintegrate back into the workforce. Constantia Kuban in Russia has long supported a local orphanage school, celebrating Christmas and Easter together, and bringing in the children as artists on the “Company Day”. At Constantia Hueck Foils, USA, a team has raised money for years on behalf of cancer prevention and support through a wide range of personal initiatives, including 12-hour relay races.

In 2008, Constantia Packaging AG handed out its second annual Social Award in recognition of the most effective social project. Last year’s award went to AMAG for the above-mentioned initiatives.

Much like Constantia Duropack's packaging, the entire Constantia Group's positioning is stable.

▶ *Our product lines are broadly diversified and cover basic needs in many areas. This positioning enables us to withstand cyclical fluctuations.*

CHANGING

Just as aluminum is continuously recycled into new forms, Constantia strives to recognize economic changes and trends early on.

In this manner, we take advantage of opportunities and not only serve our markets but help to shape them.

Risk management and business opportunity report

Constantia Packaging AG's systematic risk management system is an integral part of its business activities, and it identifies, assesses and controls all material risks and opportunities. Risks are to be recognized early on, and addressed proactively whenever possible in order to minimize them as much as possible. Similarly, business opportunities should also be exploited in a targeted manner. In that respect, a balanced risk and opportunities management system represents a major success factor for our company.

A Group-wide internal auditing function was successfully established back in 2007. This new administrative unit provides additional support for the management and the Supervisory Board to manage risks and opportunities based on a well-grounded decision-making framework. After the strong growth of recent years and given the current changes in the business landscape, regular audits of all company units pursuant to a defined annual audit plan secure Constantia Packaging AG's net worth and ability to create value.

In managing known individual risks, our internal risk management instruments ensure the functionality and efficiency of the risk management system. The Constantia Packaging Group's overall risk position is derived from the major individual risks and opportunities. In 2008, the overall risk position did not fundamentally change relative to the previous year. Currently, no threat to the Constantia Packaging Group's continuity of operations exists, nor is there evidence of such a risk in the future.

Major risks and contingencies

Personnel risks

All areas of the company have established organizational charts and personnel succession plans, which are regularly updated. Deputies have been selected for all key functions. Targeted succession plans at all units ensure that know-how is continuously passed on. With the Constantia Academy programs for young management talents and top management, the company has created an in-house resource with an international format for developing management personnel.

Operational risks

Elemental risks

Based on the requirements of the respective plants, targeted measures are regularly implemented to prevent and minimize elemental risks.

- Flood and other elemental risks: continuous adjustments to preventive measures, flood protection through suitable anti-flood control structures.
- Fire prevention: implementation of structural, technical and organizational measures, adapted to each potential hazard. Examples include ventilation zones, fire alarm systems, carbon monoxide detectors and sprinkler systems in the production plants, company fire departments and fire insurance policies; employee training regarding proper conduct and teamwork with company and public rescue workers.
- Accident prevention: workplace evaluations and improved workplace layout, identification of near accidents and development of preventive measures, regular employee training.

Risks arising from changes in the technological environment

For technologically advanced sectors such as the aerospace and automotive industries or for high-strength materials used in sporting goods and leisure applications, the risk exists that aluminum could be replaced by the development of alternative "lightweight" materials – carbon fiber, fiberglass, plastics, magnesium and advanced steels. AMAG combats this potential risk by carefully observing market and technology trends and continuously improving the properties of its own products. These efforts are supported through ongoing development work in the area of composite materials.

The Corrugated Board segment addresses the substitution risk for its products through constant innovation. Consistent with the trend toward greater product flexibility and recyclability, the company is developing shipping packaging that offers optimum logistics solutions along with reusable products.

For the Flexible Packaging segment, the ever-more stringent evaluation of packaging materials for compliance with food laws combined with increasingly precise analytical testing methods present a risk. Companies in this segment are countering these risks by forging ties to international research institutes and continuously monitoring new scientific findings and food legislation at the EU and national levels. The company provides input by participating in the respective advisory committees.

Risks associated with production

The following specific measures aimed at maintaining continuing operations and production capabilities consistent with customer requirements have been implemented by the respective plants.

- Risk of machinery failure: Servicing and inspection plans for existing plants and infrastructure; preventive maintenance; ongoing improvements/adjustments to facilities; long-term, strategic planning of new, upgrade and replacement investments based on carefully designed projects; machine failure insurance; implementation of clear investment guidelines; systematic preventive maintenance, and training and use of skilled personnel who can be flexibly deployed.
- Product quality risk: Ongoing monitoring and adaptation of production processes; comprehensive process documentation and instructions in the production, maintenance, quality and work safety areas; error documentation/remedial action and draw-up of action lists; certified quality management system in accordance with ISO 9001 with recurring renewal audits; hygiene management system and implementation of good manufacturing practices (GMP); customer and supplier audits.

Information processing risks

All Constantia Packaging Group companies have implemented security and user authorization plans to reduce the risk of a system failure caused by defective hardware, the loss of data or tampering. The main systems of all segments are backed up by business recovery centers, which in some cases include geographically remote parallel servers. Data and programs are regularly backed up to diverse storage media. Where possible, all units use standard accounting/finance and materials management software packages, and efforts are under way to come up with common sales and production software for each segment.

Given Constantia Packaging AG's decentralized management structure, the activities to reduce IT risk factors still vary by business area. The Group internal control department reviews compliance with the required minimum standards and evaluates the measures to combat known risk factors.

Risks arising from inadequate monitoring systems and fraudulent acts

Constantia Packaging AG has a comprehensive internal control system (ICS) to support the early detection, monitoring and proactive mitigation of risks. The system is designed to help the respective management units detect and control potential risks. The ICS provides appropriate instruments and processes for the prevention, early detection and rapid, effective response to situations that arise.

It is incumbent upon the management of the respective segments to use their own discretion and call for annual self-audits. The independent auditors selectively control various areas of the company as part of their audit of the annual financial statements. The areas audited are selected so that the entire company is examined in all areas of risk over a cycle of at most five years.

The Group Auditing department monitors compliance with internal controls in its own audits. Similarly, the audit assessment is monitored for its accuracy and, if necessary, amended. The individual audit findings are reported to the local company management officers, the Executive Board of the business segment and the Executive Board and Supervisory Board of Constantia Packaging AG.

Business risks

Purchasing risks

For Aluminerie Alouette Inc., the smelter in which AMAG owns an equity interest, the price and availability of electricity and alumina could present a major risk, although it is limited through long-term supply contracts. At the casthouses, the main risk involves the potential lack of scrap in sufficient quantity or quality. This risk is minimized through annual agreements with scrap dealers and larger recycling centers as well as through internationally diversified sourcing. The additionally required primary metal in the form of ingots or sows is a liquid commodity, and is procured through annual sales contracts with well-known suppliers that have long-standing business ties with our company. The rolling mill obtains rolling ingots largely from its own casthouse in Ranshofen. To secure the remaining quantities, agreements were negotiated with reliable international partners. The primary materials purchasing risk can thus be considered minimal.

The Corrugated Board segment covers approximately 40% of its demand for base paper through its own production. The additional demand is secured through long-term framework agreements. These contracts also include exit clauses linked to the price trend of base paper. The acquisition of a minority interest in the leading Croatian paper producer Belisce d.d. in 2008 marks yet another step in the effort to secure a reliable, high-quality supply of raw materials.

To minimize the purchasing risk in the Flexible Packaging segment, we have framework agreements for essential raw materials such as aluminum, polymer films, paper and chemical products. Supply bottlenecks are largely eliminated by constantly screening and approving new competitive suppliers.

Sales volume risks

Constantia Packaging AG's strategically diversified product range and excellent market and production know-how ensure the lack of dependency on a small number of customers. In all, the Group has more than 10,000 customers around the world. At AMAG, the top 10 customers accounted for 38.6% of total sales, with the largest customer accounting for 8.5%. In the Corrugated Board segment, the top 10 customers accounted for 16.5% of nominal sales, and the largest customer accounted for 3.5%. In the Flexible Packaging segment, the top 10 customers accounted for 25.0% of total sales, the largest customer for 4.6%.

We back our strategy of minimizing sales risks through long-term framework agreements with key customers and our dedicated plants strategy, in which certain plants focus on specific product lines. At the same time, we continue to expand the Group's product line and markets in attractive niches, where innovative solutions and the highest quality are in demand.

AMAG supplies customer sectors that have medium cyclical exposure, such as the aviation, transportation and sporting equipment industries, along with customers in cyclical industries such as construction, automotive manufacturing and automotive supply. The company mitigates this risk by focusing consistently on premium products and through its broad range of customer sectors. AMAG secures close ties to its large accounts through long-term agreements, joint development projects and strong customer support. AMAG casting's liquid aluminum deliveries help to foster much greater customer loyalty. AMAG hedges the price for raw aluminum through forward agreements.

A large share of Duropack's customers are companies in defensive sectors that enjoy relatively robust demand for their products, even during periods of economic weakness. These sectors include agriculture, the food industry and corrugated board processors. One risk involves the very short-term and low-volume nature of the order book, but this risk is mitigated through an extensive customer base, strong customer support and close proximity to customers and short delivery times. The KIWI software application, which optimizes customer order planning and scheduling in a specific plant, also helps to mitigate this risk.

Periods of significant energy and commodity price volatility, as was the case in 2008, often lead to challenging price negotiations with customers. The Flexible Packaging segment seeks to counter this situation by focusing on innovative products, processes and technologies that offer customers advantages in their own markets, as well as through existing framework agreements. Most of the products are marketed to customers in defensive sectors, such as the food, beverage and pharmaceutical industries.

Risks relating to competition law and capital markets

Constantia Packaging AG is fully committed to upholding the rules of fair competition and to fair contracts with all business partners. All employees at all company units are obligated to adhere to the principles and rules of fair competition and to comply with EU and domestic antitrust laws. Having introduced and monitored compliance with the relevant organization instructions, we have largely eliminated the risk related to compliance with competition laws. We also consult with an antitrust attorney on a permanent basis. An internal compliance officer oversees the Code of Ethics implemented in 2008, which includes comprehensive rules regarding business transactions and capital markets in the context of fair and ethical conduct by all company employees.

Risks arising from research and development

The rapid increase in applications for intellectual property protection poses a general risk for development work. This trend has the potential to narrow the unrestricted scope of action for development work. Constantia Packaging AG's business segments therefore monitor patents continuously to determine which development areas are covered by protective rights, and which of our own developments we should protect through our own applications for protective rights.

At AMAG, the development risk lies mainly in the ongoing aluminum industry consolidation. To clarify this potential risk, the status of domestic and international research must be assessed and documented during the preparation and planning phases of development projects, including the impact on the competitive situation and the status of intellectual property rights. Internal technical risks and the impact of a project's success or failure on AMAG's economic situation must also be described in the project proposal. A "Research and Development steering committee" consisting of AMAG's top management and an independent panel of experts regularly assesses project proposals and subsequent progress. In this manner, the risk of project failures is minimized.

In the Flexible Packaging segment, provisions are made for possible risk analysis in development projects. The relevant procedural instruction is entitled "R&D processing of trial orders and projects." The purpose of this analysis is to clarify potential risks relating to materials and processes that could jeopardize the manufacture of the product and the reliable supply of customers.

Legal risks

In light of the international nature of Constantia Packaging AG's business activities, the company continuously monitors the relevant legal provisions and pending legislation in the EU and the respective countries. Risks arising from potential product liability damages are eliminated as much as possible through quality control measures. Any residual risks are largely covered by company liability insurance policies, in cases where a risk has not been eliminated in advance through contractual agreements. In that respect, the company has model contracts, and standardized supply and sales terms for customers, which in summary form are also complemented by standardized purchasing conditions for suppliers.

Financial risks

The financial risks at Constantia Packaging are subject to Group-wide guidelines, which govern the purpose, fundamental principles, tasks, competencies and handling of the financial risks within the Group.

Financial risks arise from the ordinary business activities of Constantia Packaging and consist mainly of currency, interest rate and commodity risks as well as default and liquidity risks.

The Constantia Packaging Group uses derivative financial instruments to hedge interest rate, currency and commodity risks. Hedges are to be used only for existing or highly probable transactions, and carried out using only clearly transparent and assessable instruments.

The international nature of Constantia Packaging's business activities results in payment transactions in various currencies, with the respective currency payment inflows and outflows netted against one another to determine the net currency position. The reported currency risk or open currency position is hedged through currency forwards and options.

Through its business activities, Constantia Packaging is also subject to commodity price risks, in particular fluctuations in list prices for aluminum on the London Metal Exchange (LME). To hedge commodity price risk, the Group relies primarily on forwards and options.

The Group mainly uses interest rate swaps to hedge against interest rate risk related to financial instruments with interest rate exposure. As a rule, financing is centrally managed by the Group Treasury department of Constantia Packaging AG. In individual cases, lead companies of the Constantia Packaging Group undertake a guarantee for subsidiaries. The Group always ensures that these guarantees are limited with regard to the amount and duration involved. Guarantees are only given if the Group derives economic benefits such as more favorable financial conditions.

As a rule, the companies of the Constantia Packaging Group conduct business only with customers that have an adequate credit rating. This practice is assured by regular credit rating checks and by cooperating closely with notable domestic and foreign credit insurance firms. Foreign investments in non-OECD countries are generally insured against political risks. In order to minimize liquidity risk, we regularly conduct currency-specific liquidity plans. For more information, see the section on financial instruments in the consolidated financial statements.

Business opportunities

Constantia Packaging business opportunities

Constantia Packaging AG is a strategic management holding company, which views its main tasks as providing the Group's strategic orientation and financial management. The operating business is therefore thoroughly decentralized. Under the motto "Big enough to dare, small enough to care", the Group seeks to reconcile apparently contradictory approaches and take advantage of new opportunities. In that respect, we work closely with multinational companies on a long-term basis and also satisfy the individual needs of our more than 10,000 customers. With our partnership model, we are also a European player with global activities and an attractive partner for owner-operated companies. We focus consistently on premium products and niches, but also have an exceptionally diversified, high-value range of products and services for a broad range of customer segments. As a leading provider of innovative technologies, we are still flexible enough to provide our customers with rapid, customized solutions. We are positioned to take advantage of change-driven opportunities, and are very well insulated against cyclical fluctuations thanks to our broadly diversified customer base, with two-thirds of all customers in defensive sectors and one-third in medium cyclical industries.

In the current turbulent economic environment, we see our strategic orientation and positioning as a successful combination of stability and long-term growth opportunities in attractive markets.

Opportunities from the business activity growth drivers

Despite the current contraction in aluminum demand and prices, AMAG will have new business opportunities through the projected long-term, sustained demand for cast and rolled aluminum products as well as through ongoing industry consolidation. For this 100% recyclable material, potential new applications are being developed constantly, including as a replacement for steel.

In the Central, Southern and Eastern European markets, where Duropack has a leading market position, the medium-term outlook also calls for a steady increase in per capita consumption of corrugated board. Other potential opportunities will result from the growing need for high-value packaging solutions in terms of flexible uses and multiple applications. Shipping packaging products benefit from the long-term growth in global trade. The limited radius in which corrugated board products can be transported cost-effectively, given their light weight, also opens up business opportunities for Duropack as a multi-site company, especially in the Central and Eastern European countries.

For the Flexible Packaging segment, new opportunities are being created through growing middle class population segments in emerging market countries, with rising living standards and thus increased demand for our solutions, especially in the beverage, food and pharmaceutical industries. Demographic trends, such as smaller households and longer life expectancies, offer yet another opportunity through steadily rising demand for greater product variety and quality.

Strategic segment opportunities

AMAG's integrated facility with casthouses and rolling mill combined with its proximity to the major industrial regions of southern Germany and Upper Austria facilitates technological advances and close customer support, especially in AMAG casting's attractive liquid metal supply business. With its two casthouses, the Ranshofen site has melting technologies for nearly all forms of scrap, along with considerable know-how for scrap sampling and facilities for scrap preparation. The excellent technological competencies for surface treatments, cladding and tempering create further growth opportunities in profitable segments such as bright products, high-strength materials for sporting industry applications and braze-clad materials and cathode sheets. The Canadian company Aluminerie Alouette Inc., in which AMAG has a 20% equity investment, is among the world's most efficient aluminum smelters, with fixed electricity price agreements through 2029.

Constantia Duropack is already strategically well positioned with leading market positions in the countries of Central, Southern and Eastern Europe. The installation of a second corrugated board plant in Bulgaria and the acquisition of a minority interest in Croatia's leading paper producer Belisce d.d. increased the in-house supply of corrugated board base paper and further reduced the company's dependence on the market.

Constantia Flexibles' business opportunities are based on its dedicated plants strategy, in which individual plants concentrate on specific product lines. Meanwhile, the segment is diversifying into strategic markets and products that comprise innovative technologies and manufacturing processes. This approach offers favorable long-term opportunities in the growth regions of Asia, the Middle East and Latin America.

Research and development

As an industrial and services company with international activities, we recognize that innovation — i.e. the ongoing efforts to improve our products, services and production processes — is a decisive success factor. Innovation takes into account environmental as well as technical and economic factors. One of the greatest business challenges we face, therefore, involves creating the proper framework, and in particular the right corporate culture, to promote innovation throughout all Group entities. One impressive confirmation of our achievement along these lines and a clear indication that we are on the right track was the “Best Innovators” award received by Constantia Flexibles last year. This award, which recognizes the best innovative culture in an Austrian company, is sponsored by the Austrian Economics and Labor Ministry.

Our research and development work is carried out in the context of projects, very often as joint initiatives with our key customers. Cooperation with international universities and research institutes secures market-oriented developments on the cutting edge.

Several years ago, the Group launched its annual Innovation Award in order to provide an additional incentive for the development of innovative products and processes, with awards handed out in both economic and environmental categories.

The award-winning projects from 2008 offer a good indication of the diversity of the Group’s innovative activities.

- Economic product innovation: “Fast-hardening alloy AMG615 for electronics applications” by AMAG rolling GmbH
- Environmental product innovation: “Mono-Web FFS” by Teich AG and Hueck Folien
- Economic process innovation: “Melting furnace with regenerative burner and bottom stirrer” by AMAG casting GmbH
- Environmental process innovation: “Reduction in bacterial pollution” by AMAG rolling GmbH

Research and development expenditures in 2008 totaled €14.6 million, compared with €9.1million the previous year.

By segment, the relative shares of R&D spending broke down as follows: Aluminum 36% (2007: 27%), Corrugated Board 2% (2007: 9%), and Flexible Packaging 62% (2007: 64%).

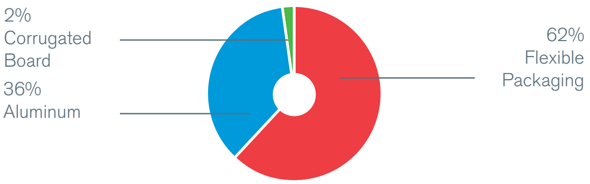
In 2008, 214 employees worked on Research and Development projects.

Constantia Packaging AG has several hundred patents and patent applications, a clear sign of its strong technological prowess. The patent strategy focuses on broadly securing the company's core competencies and key technologies through patents and brands. The professional management of intellectual property through brands and patents ensures a high degree of legal certainty for our customers.

The creative potential of the Group's employees is supported and exploited through targeted programs for continuous process improvements and best idea contests in our subsidiaries, so that new ideas are continuously conceived and pursued.

More information on the main areas of focus of our innovation activities is available in the segment reporting section.

2008 R&D spending by segment



Ownership structure and limitations on control

Disclosure in accordance with § 243a of the Austrian Corporate Code (UGB)

The capital stock of Constantia Packaging AG, which is listed on the Prime Market of the Vienna Stock Exchange, consisted of 16,800,000 no-par value shares on December 31, 2008. As of that date, there were no limitations on voting rights or the transferability of the shares. The Executive Board is unaware of any limitations of such rights through shareholder agreements. No special control rights have been granted to individual shareholders outside of the statutory rights. No special provisions exist with respect to the appointment and dismissal of Executive Board and Supervisory Board members and to changes in the company's by-laws.

Constantia Packaging B.V. currently owns 90.79% of the shares in Constantia Packaging AG.

The Executive Board is authorized until May 12, 2011, to increase on one or more occasions the capital stock, whose current par value is €17.4 million, by up to an additional 8,400,000 new bearer common shares in exchange for cash or in-kind contributions at the minimum offering price of 100% of par value. The total amount of such an increase represents €8.7 million. The issue price and terms are to be established by the Executive Board in agreement with the Supervisory Board. Similarly, the Executive Board is authorized, with approval from the Supervisory Board, to waive the pre-emptive rights of shareholders only if the capital stock is increased through in-kind contributions from companies, businesses, business units or shares in one or more companies in Austria or abroad. The Supervisory Board is authorized to amend the by-laws as part of the issuance of shares from authorized capital.

Under a resolution approved by the 14th annual Shareholders' Meeting of Constantia Packaging AG on May 15, 2008, the company was authorized to acquire up to 10% of its own shares during a period of no more than 30 months, in accordance with § 65 para. 1 line 8 of the Austrian Stock Corporation Law (AktG). This resolution also authorized the Executive Board to acquire the shares through means other than purchases on the open market or public offer, provided it complies with the provisions of § 47a of the Austrian Stock Corporation Law (AktG).

The company does not have any employee stock ownership programs through which employees exercise voting rights directly.

In the event of a change in company control as a result of a takeover offer or another transfer of control to another (majority) shareholder through contractual agreement, the D&O management liability insurance would end, and financial liabilities totaling €67.1 million (of which €17.1 million in the short term) would become due. In that case, the bond terms of the junior subordinated, non-callable profit participation bond of €250 million issued in July 2008 include a 5% annual increase in interest payments. Alternatively, the company may terminate the bond prior to maturity and redeem it at the higher amount of the nominal value or discounted market price.

At Constantia Packaging AG, a contractual termination right exists for Executive Board members in the event of a company takeover or transfer of control under the Austrian Stock Corporation Law (AktG) and Austrian Takeover Law (ÜbG). The indemnity for a premature termination of the Executive Board contract is a severance payment in the amount of twice the previous year's compensation. If the Executive Board contract has a remaining term of more than two years, then half the severance amount is paid on the portion of the contract exceeding two years.

No other indemnification agreements between the company and its Executive Board or Supervisory Board members exist in the event of a public takeover offer.

Events after the balance sheet date

Danapak Flexibles A/S

On February 27, 2009, Constantia Packaging AG reached an agreement with the Danish company Arla Foods for the sale of its 60% equity investment in the joint venture Danapak Flexibles A/S and at the same time acquired 100% of the shares in Corona Packaging A/S.

The termination of the joint venture initially launched in 2002 reflects the current strategic orientations of both Groups and furthers their respective efforts to focus on core markets. Danapak will retain the Slagelse and Horsens sites, which are well suited to the needs of the Arla Foods Group. The two sites had a total of 270 employees and generated sales of around €60 million.

Constantia Packaging AG will keep the third site, Corona Packaging A/S. With 30 employees and sales of around €18 million, this site is an excellent distribution point for the Scandinavian region.

The agreements are still subject to the approval of the competition authorities.

Danapak and Corona produce packaging for dairy and food products.

Out-look

Economic outlook

The 2009 forecasts of nearly all leading economic research institutes and investment banks call for the most severe financial and economic downturn since the 1930s. Not one of these experts has ever lived through such a situation, and all statements regarding future trends therefore need to be evaluated with caution.

All forecasting institutes agree that a recession is at hand for both manufacturing industries and the service sector. The economic downturn is likely to be exacerbated by the financial crisis, which first erupted in 2008, and extremely tight credit markets, as banks focus all their attention on debt reduction and balance sheet consolidation. According to most forecasts, nominal global economic growth is expected to remain essentially unchanged relative to 2008 (in the 2.0% -2.4% range), as growth in the industrial countries is expected to shrink by 1.0 percentage point, and emerging market and developing economies record only 3% growth, half the previous year's rate. Global trade could contract for the first time since 1982. All of the leading industrial economies are expected to record declining growth, including 1.5 percentage point drops in both the Euro-15 countries and the United States. In Central and Eastern Europe, economic growth is expected to fall off considerably to 0.7%, compared with 5.6% in 2008, although the trends may vary significantly by country. Slovakia, Romania, Poland and Russia are all expected to record growth of between 2.5% and more than 4%, while Ukraine and Hungary are expected to experience significant recessions. A slow recovery is forecast for Western Europe by late 2009 at the earliest, and possibly a bit sooner in the United States.

Sources: Economist Intelligence Unit, HSBC, Rothschild, RZB Research

Inflation has eased considerably in recent months, and for 2009 is expected to range between 0.6% and 1.5% in Western Europe, down from 3.3% in 2008. In the United States, inflation is expected to be even lower, with some forecasts calling for 0.5% deflation, a clear sign of the drastic reduction in demand and extreme loss of confidence in the industrial sector and among private consumers.

In this challenging year, unemployment is likely to increase in nearly all of the industrial countries. The forecast for the Euro-15 countries calls for a 1 to 2 percentage point increase from 7.7% in 2008, while a comparable increase is also expected in the United States from 6.7% in 2008, although the trends in both regions will be largely dependent upon events in the automotive and automotive supply sectors.

In addition to the government financial rescue and economic stimulus packages in the industrial countries, which are unprecedented in size given the hundreds of billions of dollars or euros at stake, the European Central Bank and the U.S. Federal Reserve also dramatically lowered their key interest rates in order to prevent a collapse in key economic sectors and to kick-start the economy. These measures are likely to be continued at least through the first half of 2009.

After energy and commodity prices plummeted to between one-half and one-third of their former mid-2008 highs, the outlook continues to be characterized by volatility and a slow recovery, in line with the overall economy.

Equity market trends, which in 2008 were driven primarily by the financial crisis and a bearish outlook, are more likely to be determined by company fundamentals in 2009. According to bank estimates, defensive sectors with relatively stable demand such as the beverage, food and pharmaceutical industries along with their suppliers are expected to outperform. The key factors include good visibility, earnings transparency and predictability, sound balance sheets and recurring cash flows and low borrowing requirements.

Constantia Packaging AG outlook

As an established supplier of innovative cast and rolled aluminum products, flexible packaging, labels and corrugated board, Constantia Packaging will continue to focus on markets with sustained growth and attractive earnings potential in the years ahead. We will therefore strengthen our presence in emerging markets in Central, Southern and Eastern Europe, Central and South America and Asia, which are characterized by long-term growth in demand for a broad range of packaging solutions.

In this year's very challenging overall economic environment, which is marked by extreme restraint in industrial investment spending and private consumption, industry consolidation is likely, notably in cyclical sectors. The Group's business activities are positioned largely in sectors with low cyclical exposure and relatively stable demand, thanks to Duropack in the corrugated board sector along with the flexible packaging companies. AMAG's businesses have some cyclical exposure, although they benefit from the broad range of customer segments and a consistent focus on premium products.

Given our overall business profile, we are cautiously optimistic and look forward to the future. Naturally planned capital expenditures and investments will be carefully reviewed, and we will continue to pay close attention to strict cost management at all of our Group's business units.

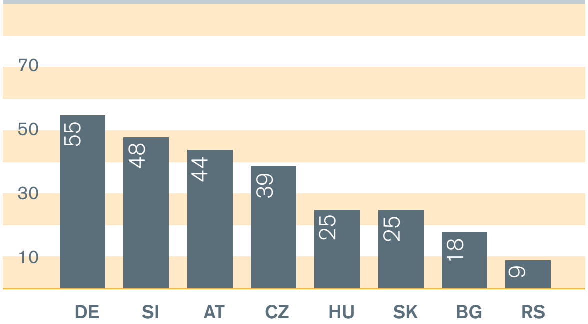
Aluminum segment outlook

In the final weeks of 2008, the financial market crisis spilled over to the real economy and led to uncertainty and tentativeness in new orders. After aluminum prices reached a high of more than $3,000 per metric ton in mid-2008, they began to fall sharply in the fourth quarter and are currently at their lowest levels in more than ten years.

The noticeably weak demand in certain sectors such as automotive and aerospace manufacturing has caused large suppliers, in their efforts to optimize capacity utilization, to avoid using their higher-cost production facilities designed for the manufacture of high-value-added commercial products. This trend is likely to result in heightened competitive pressures in the trading products area. As aluminum prices continue to fall, the trading products segment will therefore seek to draw down inventories, thereby shifting inventory to the rolling mills. We are not projecting heightened competition in AMAG's market segments in Asia.

Against this backdrop, 2009 will present an extraordinary challenge for AMAG. The company's strengths provide a solid foundation upon which to thrive in the turbulent market environment that looms ahead. These strengths include AMAG's relatively smaller size compared with the leading competitors and its

Estimated per capita consumption of corrugated board in 2008 (kg)



corresponding greater flexibility and customer orientation, combined with the diverse potential applications for AMAG products in the transportation sector, sporting and leisure industries, industrial and machine tool applications, lighting, electrolytic zinc production and cooling devices. Other strengths include the combination of excellent customer relations and earnings potential.

The secure supply of primary aluminum through the 20% equity investment in the Canadian smelter Alouette is yet another stabilizing factor, especially for long-term supply contracts.

AMAG's corporate culture is marked by the sustained focus of all its employees on customer utility, the courage to blaze new trails and a keen sense of risk awareness, along with the ongoing efforts to optimize operating processes. The Continuous Improvement Process (AMAG-CIP for short) provides the systematic platform, through which all employees can take part in the necessary steps to respond rapidly to market trends.

The current situation notwithstanding, the aluminum market's medium-term outlook is positive. In contrast to steel, which has global demand of approximately 1,300 million metric tons annually, aluminum plays a small but important role, with its approximately 40 million metric tons in demand. As a relatively "young" metal with the most favorable properties, aluminum has significant innovation potential in terms of potential applications and as a substitute for other materials. Thus the medium-term outlook for certain sectors such as aerospace calls for significant growth, and therefore growing demand for the lightweight yet high-strength material that is aluminum. The regional imbalance in demand represents yet another growth driver.

Given the forecast of medium-term growth in the aluminum market, AMAG will continue to pursue its expansion program at the Ranshofen site, focusing in particular on capacity expansion in the area of high-strength sheet and plate. The plant specifications, contract negotiations and decision preparations will be made in the first months of 2010. The template for all relevant facts used in the decision should be completed in the second half of 2009.

Corrugated Board segment outlook

Overall, in 2009 we are forecasting a recession (in Western Europe) or at best minimal growth. Even in the dynamic CEE region countries, economic growth is expected to weaken considerably.

Per capita consumption of corrugated board will continue to grow in Southeastern and Eastern Europe. These countries still have some pent-up demand relative to Western Europe.

Constantia Duropack's customer portfolio is highly diversified. The company has no dependency on any single customer (the top ten customers account for a total of approximately 16% of total sales) or industry.

The main customer segment is the food and beverage industry, which accounts for around 20% of total sales. The products manufactured by these customers are everyday staples and continue to be consumed even during difficult economic times.

In contrast, the share of sales to highly cyclical industries such as vehicles and machine tools is minor.

Moreover, in the CEE region demand for high-value packaging (multicolor, innovative packaging solutions) is expected to continue to grow. Our scheduled investments are therefore focused on installing the appropriate machinery and equipment in our plants. Given the uncertain forecast for 2009, our capital expenditures will be substantially reduced the following year.

In 2009, we will combat the unrelenting and considerable competitive pressure by optimizing our product and customer mix and increasing our production of high-value products.

The strategic partnership with the Croatian Belisce Group will create substantial potential synergies given the complementary orientation of the paper plants in the Czech Republic and Bulgaria.

We project further paper price declines in 2009. New capacity is coming online even as demand contracts as a result of the negative economic outlook.

Flexible Packaging segment outlook
Dairy & Food division
The food sector and by extension the food packaging sector have below-average exposure to the economic downturn. For now, the outlook for the first half of 2009 is cautiously optimistic. Nevertheless, it seems highly unlikely that the robust business volume achieved in 2008 and especially 2007 can be maintained. Further consolidation at the customer and industry levels is expected in the global market, which makes the competitive situation extremely difficult to predict at this point.

Constantia Flexibles is building on its strengths in strategic product groups and on its reputation among customers as a problem-solver.

Pharma & Film division
Growing global demand for pharmaceutical packaging products is again expected for 2009, with clear trends favoring a shift to low-wage countries and generic producers.

Thanks to Constantia Flexibles' global distribution network and strong positioning with generic manufacturers, we expect healthy growth in flexible packaging in 2009.

Other growth opportunities exist in the development of new market segments, which are expected in 2009.

Labels division
Projections regarding sales markets are difficult, given the expected uncertain overall economic environment. Among other areas, the Labels division is focusing on entering the market for self-adhesive labels for the beverage industry. The labels business foresees additional growth opportunities through cross-selling with the Group's other divisions and its reinforced key account management for Constantia Flexibles customers.


The Constantia Group's 49 production
facilities are small and efficient in order to
offer customers tailor-made solutions. The
Group's proven partnership model is also
attractive for owner-operated companies
seeking future-oriented solutions for
growth, succession and synergies.
small


big
With its 8,200 employees at 49 sites in 19 countries, Constantia is a European player with global activities. These far-flung parts mesh well together, like a finely tuned engine. Through its size, Constantia is a reliable partner for its internationally active customers.

Consolidated Financial Statements

Consolidated Financial Statements Consolidated Balance Sheet as of December 31, 2008

Assets in € thousands	Notes	12/31/2008	12/31/2007
Goodwill	1	50,791	49,087
Intangible assets	1	43,488	48,764
Property, plant and equipment	1	888,807	877,409
Shares in associated companies	2	36,508	0
Other non-current and financial assets	3	100,131	27,958
Deferred tax assets	20	36,385	51,939
Non-current assets		**1,156,110**	**1,055,157**
Inventories	4	311,234	347,664
Trade accounts receivable	5	231,772	256,621
Tax receivables		8,702	3,127
Other receivables	6	261,554	98,836
Securities		4,388	5,327
Cash and cash equivalents		57,199	81,107
Current assets		**874,849**	**792,682**
Non-current assets held for sale	7	39,365	11,500
Total assets		**2,070,324**	**1,859,339**

Liabilities and shareholders' equity in € thousands	Notes	12/31/2008	12/31/2007
Capital stock	8	17,448	17,448
Additional paid-in capital	8	142,915	142,915
Hedging reserve		26,029	(114)
Available-for-sale reserve		797	1,215
Currency translation differences		14,781	16,018
Retained earnings	8	179,120	150,949
Equity attributable to equity holders of the parent		**381,090**	**328,431**
Hybrid capital		**249,063**	**0**
Minority interests	8	**180,943**	**187,625**
Total equity		**811,096**	**516,056**
Non-current provisions	9	127,671	142,902
Non-current debt	11	355,934	380,311
Other non-current liabilities	11	97,320	94,765
Deferred tax liabilities	20	41,123	33,771
Non-current provisions and liabilities		**622,048**	**651,749**
Current provisions	10	27,178	21,547
Current debt	11	163,246	308,148
Trade accounts payable	11	128,688	144,144
Tax liabilities	11	16,195	21,474
Other liabilities	11, 12	251,942	184,017
Current provisions and liabilities		**587,249**	**679,330**
Liabilities directly associated with non-current assets held for sale	7	49,931	12,204
Total liabilities and shareholders' equity		**2,070,324**	**1,859,339**

The following notes to the consolidated financial statements form an integral part of this consolidated balance sheet.

Consolidated Income Statement for the year ended December 31, 2008

€ thousands	Notes	2008	2007
Sales	13	**2,080,847**	**1,565,803**
Changes in inventories of finished goods and work in progress		(15,855)	22,700
Own work capitalized		1,710	1,079
		2,066,702	**1,589,582**
Other operating income	14	55,499	53,302
Cost of materials		(1,194,666)	(901,717)
Personnel expenses	15	(389,209)	(311,542)
Other operating expenses	16	(248,362)	(186,486)
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**289,964**	**243,139**
Depreciation (excluding goodwill)	1	(113,162)	(93,424)
Earnings before interest, taxes and goodwill amortization (EBITA) = Earnings before interest and taxes (EBIT)		**176,802**	**149,715**
Income from equity affiliate	18	223	23,462
Net interest income (expense)	18	(28,745)	(26,455)
Other financial income (expense)	18	(14,716)	(3,311)
Net financial income (expense)		**(43,238)**	**(6,304)**
Earnings before tax (EBT)		**133,564**	**143,411**
Current taxes	19	(26,154)	(31,225)
Deferred taxes	20	(8,239)	(1,405)
Income tax		**(34,393)**	**(32,630)**
Net income after tax		**99,171**	**110,781**
Attributable to:			
Minority interests		24,124	19,833
Equity holders of the parent		75,047	90,948
Earnings per non-par-value share (in €)		4,47	5,41
Proposed or paid dividends per non-par-value share (in €)	8	1,40	1,20
Weighted average number of non-par-value shares outstanding		16,800,000	16,800,000

The following notes to the consolidated financial statements form an integral part of this consolidated income statement.

Consolidated Cash Flow Statement for the year ended December 31, 2008

€ thousands	Notes	2008	2007
Earnings before tax (EBT)		**133,564**	**143,411**
Net interest (income) expense		28,745	26,455
Income from equity affiliate		(223)	(23,462)
Depreciation and impairment/reversal of impairment		113,162	94,318
(Gains)/losses on disposals of non-current assets		(1,915)	(1,711)
Other non-cash (income)/expenses, including changes recorded directly in equity in cash flow hedging reserve (IAS 39)	M	88,049	(34,740)
Change in inventories		16,708	6,958
Change in trade accounts receivable		20,425	35,209
Change in other receivables		(258,164)	(2,118)
Change in provisions		9,885	(22,470)
Change in trade accounts payable		(13,644)	(36,948)
Change in other liabilities		107,255	(5,890)
		243,847	**179,011**
Taxes paid		(37,480)	(24,351)
Dividends received from associated companies		199	4,250
Interest received		6,869	8,431
Interest paid		(35,215)	(27,696)
Cash flow from operating activities		**178,220**	**139,645**
Proceeds from disposals of non-current assets		3,607	5,965
Payments for property, plant and equipment and intangible assets		(120,075)	(96,374)
Payments as part of company acquisitions	M	(34,328)	(183,042)
Proceeds from the sale of companies	M	4,552	0
Payments to acquire minority interests	M	(55,831)	(5,106)
Payments for other financial assets		(41,851)	(3,094)
Proceeds from other financial assets		902	66,932
Cash flow used for investing activities		**(243,024)**	**(214,719)**
Change in debt		(169,903)	151,204
Dividends paid by Constantia Packaging AG		(20,160)	(13,440)
Dividends paid on hybrid capital holders		(7,661)	0
Dividends paid to minority shareholders		(10,466)	(7,795)
Proceeds from the hybrid capital issue		248,750	0
Cash flow from financing activities		**40,560**	**129,969**
Change in cash and cash equivalents		**(24,244)**	**54,895**
Effect of exchange rate changes		336	929
Cash and cash equivalents at the beginning of the period		81,107	25,283
Cash and cash equivalents at the end of the period		57,199	81,107
Change in cash and cash equivalents		**(24,244)**	**54,895**

The following notes to the consolidated financial statements form an integral part of this consolidated cash flow statement.

Consolidated Equity Statement for the year ended December 31, 2008

€ thousands	Notes	Capital stock	Additional paid-in capital	Hedging reserve	Available-for-sale-reserve	Currency translation differences	Retained earnings	Total	Hybrid capital	Minority interests	Total equity
		Attributable to equity holders of the parent									
Balance as of January 1, 2007		17,448	142,915	2,582	1,088	9,808	125,760	**299,601**	0	52,686	**352,287**
Changes recorded directly in equity											
Change in hedging reserve											
Gains/(losses) due to changes in fair value				(2,207)				**(2,207)**		2,388	**181**
thereof associated deferred taxes				(480)				**(480)**		(440)	**(920)**
Transferred to the income statement				(13)				**(13)**			**(13)**
thereof associated deferred taxes				3				**3**			**3**
Change in available-for-sale reserve											
Gains/(losses) due to changes in fair value					(135)			**(135)**		(72)	**(207)**
thereof associated deferred taxes					27			**27**		18	**45**
Transferred to the income statement					224			**224**			**224**
thereof associated deferred taxes					11			**11**			**11**
Currency translation differences						6,210		**6,210**		(430)	**5,780**
		0	0	(2,697)	127	6,210	0	**3,640**	0	1,464	**5,104**
Net income after tax							90,948	**90,948**		19,833	**110,781**
Transactions with equity holders of parent											
Additions to minority interests							0	**0**		125,006	**125,006**
Acquisition of a minority interests							2,314	**2,314**		(7,386)	**(5,072)**
Disposal of minority interests							(272)	**(272)**		(16)	**(288)**
Transition consolidation							(43,012)	**(43,012)**			**(43,012)**
Option obligation on minority interests							(7,522)	**(7,522)**		(3)	**(7,525)**
Dividend payout	7						(13,440)	**(13,440)**		(7,795)	**(21,235)**
		0	0	0	0	0	(61,932)	**(61,932)**	0	109,806	**47,874**
Balance as of December 31, 2007		17,448	142,915	(115)	1,215	16,018	154,776	**332,257**	0	183,789	**516,046**
Balance as of January 1, 2008		17,448	142,915	(115)	1,215	16,018	154,776	**332,257**	0	183,789	**516,046**
Result stated directly in equity											
Change in hedging reserve											
Gains/(losses) due to changes in fair value				44,950				**44,950**		23,937	**68,887**
thereof associated deferred taxes				(10,556)				**(10,556)**		(6,123)	**(16,679)**
Transferred to the income statement				(11,002)				**(11,002)**		(3,978)	**(14,980)**
thereof associated deferred taxes				2,752				**2,752**		994	**3,746**
Change in available-for-sale reserve											
Gains/(losses) due to changes in fair value					(418)			**(418)**		(165)	**(583)**
thereof associated deferred taxes								**0**			**0**
Transferred to the income statement								**0**			**0**
thereof associated deferred taxes								**0**			**0**
Currency translation differences						(1,237)		**(1,237)**		(820)	**(2,057)**
		0	0	26,144	(418)	(1,237)	0	**24,489**	0	13,845	**38,334**
Net income after tax							75,047	**75,047**	0	24,124	**99,171**
Transactions with equity holders of parent											
Addition of hybrid capital								**0**	248,750		**248,750**
thereof asociated deferred taxes								**0**	313		**313**
Acquisitions								**0**		2,671	**2,671**
Dividends paid to hybrid capital holders							(7,661)	**(7,661)**			**(7,661)**
Acquisition of minority interests							(22,882)	**(22,882)**		(32,947)	**(55,829)**
Disposal of Group companies							0	**0**		(63)	**(63)**
Dividend payout	7						(20,160)	**(20,160)**		(10,476)	**(30,636)**
		0	0	0	0	0	(50,703)	**(50,703)**	249,063	(40,815)	**157,545**
Balance as of December 31, 2008		**17,448**	**142,915**	**26,029**	**797**	**14,781**	**179,120**	**381,090**	**249,063**	**180,943**	**811,096**

The following notes to the consolidated financial statements form an integral part of this consolidated equity statement.

Notes to the Consolidated Financial Statements

A. General Information

Constantia Packaging AG (1010 Vienna, Opernring 17, Vienna Commercial Registry number FN 88214b) is a publicly listed Austrian holding company that makes strategic investments in industrial and related service companies. The Group currently focuses its business activities on the manufacture and supply of semi-finished and cast aluminum products for processing industries, packaging products in aluminum, plastic, paper and corrugated board for consumer and other goods.

The 2008 consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as formulated by the International Accounting Standards Board (IASB) and adopted by the European Union, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) whose application was mandatory in 2008.

The figures in the consolidated financial statements are reported in thousands of euros. Numerous figures and percentages shown in the consolidated financial statements have been rounded up or down and totals may vary from the amounts shown.

The income statement is prepared in accordance with the nature of expense method.

B. Reporting currency and currency conversion

The consolidated financial statements are presented in euros. The financial statements of the consolidated subsidiaries are prepared in the respective functional currencies. For the preparation the consolidated financial statements, the assets and liabilities of subsidiaries using a reporting currency other than the euro are converted using the median exchange rate as of the balance sheet date for the consolidated balance sheet and the average annual exchange rate for the consolidated income statement. All resulting currency translation differences are recognized as currency translation differences directly in equity. Currency translation differences are recognized through profit and loss in the reporting period when the relevant subsidiary is sold.

Foreign currency transactions are recognized at the exchange rate in effect at the time of the transaction. Monetary foreign currency positions are valued using the closing price on the balance sheet date. Currency translation differences are recognized through profit and loss in the period incurred.

The exchange rates for currencies of material significance for the Constantia Packaging Group were as follows:

in €	Exchange rate at balance sheet date 12/31/2008	12/31/2007	Average exchange rate at balance sheet date 2008	2007
US-dollar (USD)	1.39170	1.47210	1.47259	1.37972
Canadian dollar (CAD)	1.69980	1.44490	1.56563	1.46625
Hungarian forint (HUF)	266.70000	253.73000	251.04833	251.37417
Slovak koruna (SKK)	30.12600	33.58300	31.12508	33.76975
Czech koruna (CZK)	26.87500	26.62800	25.03875	27.73250
Bulgarian leva (BGN)	1.95580	1.95580	1.95580	1.95580
Pound sterling (GBP)	0.95250	0.73335	0.80255	0.68728
Danish krone (DKK)	7.45060	7.45830	7.45577	7.45127
Polish zloty (PLN)	4.15350	3.59350	3.52778	3.77491
Swiss franc (CHF)	1.48500	1.64570	1.57863	1.64513
Serbian dinar (CSD)	89.70000	78.79500	82.07250	80.00348
Croatian kuna (HRK)	7.35550	7.33080	7.22166	7.33399

As of 2005, goodwill arising from the acquisition of subsidiaries is allocated to the acquired company using the exchange rate at the time of the acquisition and recognized in the consolidated financial statements using the corresponding exchange rate as of the balance sheet date. Currency differences arising from the offsetting of monetary accounts, which mainly show a portion of the net investment in a foreign subsidiary of the Group, are classified as shareholders' equity in the consolidated financial statements until the respective subsidiary is deconsolidated.

C. Consolidation principles

Consolidation scope

The consolidated financial statements include Constantia Packaging AG and the companies over which it exercises control. Such control is usually presumed if Constantia Packaging AG is in a position to exert significant influence over company finances and policies so as to profit from its activities.

The financial statements of fully consolidated Group companies are subject to uniform accounting and valuation principles. The balance sheet date for all companies is December 31, 2008.

Business combinations

The purchase method is used for company acquisitions pursuant to IFRS 3. Companies acquired or disposed of in the course of the fiscal year are included in the consolidated financial statements from the time control was obtained or until the time of sale. For business combinations, the surplus of acquisition cost of the investment over the fair value of the acquired assets, liabilities, provisions and contingent liabilities at the time of obtaining control is recognized as goodwill. If the acquisition costs are less than the fair value of the acquired assets as well as liabilities, provisions and contingent liabilities at the time of acquisition, this difference is recognized as negative goodwill in the income statement after a renewed examination in accordance with the provisions of IFRS 3.56.

Shares in joint venture companies

Pursuant to IAS 31 and the benchmark method, joint ventures are recognized in the consolidated financial statements by proportional consolidation.

Shares in associated companies

Companies that are not controlled by Constantia Packaging AG because it lacks a direct or indirect voting majority but over which Constantia Packaging AG nevertheless exercises significant influence are accounted for using the equity method in accordance with IAS 28.

Consolidation methods

Capital consolidation is carried out in accordance with the principles of IAS 27. The carrying amount of the shares of Constantia Packaging AG in each individual subsidiary and the share of Constantia Packaging AG in the equity of each subsidiary are eliminated. The share of equity attributable to minority shareholders is shown separately in equity and the net share of earnings after income taxes attributable to minority shareholders is shown separately in the income statement.

The effects of intra-Group transactions among companies consolidated fully, proportionally or at equity are eliminated in the preparation of the consolidated financial statements. As part of debt consolidation, intra-Group trade accounts receivable and other receivables are set off against corresponding intra-Group liabilities.

All intra-Group expenses and income are eliminated as part of expense and income consolidation. Intercompany profits or losses from intra-Group delivery of goods and services are eliminated.

D. Acquisitions and other changes in the scope of consolidation

In May 2008, Teich AG acquired 70% of the shares in Constantia Aloform GmbH, Germany. The newly acquired company moved its headquarters to Werdohl, Germany, and acquired an operating facility there from minority shareholder Alupak AG, Switzerland, for €8.9 million. The ancillary acquisition costs totaling €0.7 million were borne by Teich AG. After receiving the approval from the competition authorities, the company's new legal structure took effect as of June 5, 2008.

The determination of Constantia Aloform GmbH's goodwill breaks down as follows:

Constantia Aloform GmbH € thousands	Bool value under German Commercial Code (HGB)	Adjustment to IFRS fair value	IFRS fair value
Goodwill	4,569	(1,351)	3,218
Non-current assets	7,876	2,865	10,741
Current assets	12,685	(460)	12,225
Liabilities and provisions	(16,235)	(1,054)	(17,289)
Total = Purchase price	**8,895**	**0**	**8,895**
Minority interests			(2,671)
Goodwill			660

The acquisition of Austria Metall AG, Austria, for €223,705 thousand in September 2007 gave rise to €31,029 thousand in negative goodwill for that year based on provisional fair values.

After the final calculation of fair values, this negative goodwill was reduced to €15,089 thousand.

Based on the final acquisition price allocation for Austria Metall AG, Austria, the negative goodwill calculation breaks down as follows:

€ thousands	Carrying Amount	Adjustment to fair value	Fair value	Adjustment based on final purchase price allocation	Adjusted IFRS fair value
Non-current assets	320,886	224,722	545,608	(80,811)	464,797
Current assets	486,472	73,979	560,451	0	560,451
Liabilities and provisions	(391,638)	(227,225)	(618,863)	59,111	(559,752)
	415,720	**71,476**	**487,196**	**(21,700)**	**465,496**
Minority interests			(129,332)	5,760	(123,572)
Goodwilll/(negative goodwill)			(31,029)		(15,089)
Purchase price			**326,835**		**326,835**

Along with the final acquisition price allocation for the AMAG Group, the following specific adjustments were made to the consolidated balance sheet and consolidated income statement for the year ending December 31, 2007:

€ thousands	12/31/2007	Adjustment	12/31/2007 restated
Assets			
Other non-current and financial assets	106,846	(78,888)	27,958
Liabilities and shareholders' equity			
Hedging reserve	440	(554)	(114)
Currency translation differences	15,545	473	16,018
Retained earnings	165,067	(14,118)	150,949
Minority interests	192,757	(5,132)	187,625
Long-term reserves	201,997	(59,095)	142,902
Deferred tax liabilities	42,825	(9,054)	33,771
Other non-current liabilities	86,173	8,592	94,765

€ thousands	2007	Adjustment	2007 adjusted
Other operating income	69,241	(15,939)	53,302
Cost of materials	(907,108)	5,391	(901,717)
Net interest expense	(24,327)	(2,128)	(26,455)
Income tax	(31,846)	(784)	(32,630)
Net income after tax	**124,241**	**(13,460)**	**110,781**
Attributable to:			
Minority interests	19,175	658	19,833
Equity holders of the parent	105,066	(14,118)	90,948

In addition to the final purchase price allocation of AMAG, a transfer between minority interests and retained earnings in connection with AMAG Deutschland GmbH was recognized for 2007, which resulted from the presentation of an intragroup transaction.

In June, the remaining 40% minority interest in Duropack AG was acquired from the Smurfit Kappa Group. Constantia Packaging AG now wholly owns Duropack AG. The acquisition price totaled €55.0 million. Over the course of 2008, the Corrugated Board segment successively increased its equity investments in Duropack Kruševac A.D., Duropack Trakia-Papir AD and Duropack Turpak Obaly a.s. The combined purchase price of these equity investments totaled €0.8 million.

These successive acquisitions resulted in goodwill totaling €22.8 million, which was recognized in retained earnings.

In April, Duropack AG acquired a 20% equity interest in Belisce d.d., Croatia. By end-September, this investment had been increased to 24.90% through additional purchases. Belisce d.d. is recognized in the consolidated financial statements as an associated company. Goodwill was calculated based on the provisional fair values in accordance with IFRS 3 and IAS 28.

In January, the Flexible Packaging segment disposed of all its shares in H&N Sport GmbH, a manufacturer of high-precision air gun pellets and bullets for sports rifles and muzzle loaders, with annual sales of €6.0 million.

In April, all shares in Chicago-based Multifilm Inc. were sold as part of a management buy-out. The company processes and produces polymer films for the confectionery industry and has annual sales of €7.5 million.

As part of its portfolio streamlining, the Flexible Packaging segment disposed of all its shares in Danapak Flexibles (UK) Ltd. after receiving authorization from the competition authorities in May. The company processes polymer films for the food industry and has annual sales of €14.7 million.

With the signing of the company by-laws on August 21, 2008, Constantia Labels GmbH based in Heiligenstadt, Germany, was founded. The company's business purpose is to produce and distribute all types of aluminum, paper and plastic labels and undertake any business related to its activities in these areas. The company has €25 thousand in capital stock.

In addition, Constantia Finance Holding GmbH and Constantia Finance GmbH were founded respectively on September 4 and October 13, 2008. Both companies are based in Vienna, Austria. Their business purpose includes the acquisition, management, sale and other use of all types of investments in companies, together with the executive management and preparation, execution and procurement of financial transactions with related companies. Each company has €35 thousand in capital stock.

E. Accounting principles and valuation methods

The following accounting principles and valuation methods were used in preparing the consolidated financial statements of Constantia Packaging AG.

Current and non-current assets and liabilities

Assets and liabilities with remaining terms of up to one year were classified as current, while those with remaining terms of more than one year were classified as non-current. The determination of remaining terms was always based as of balance sheet date.

Goodwill

Goodwill recognized in accordance with IFRS 3 is capitalized and tested for impairment at least once a year or when circumstances for impairment arise. Any impairment loss is immediately charged against income in the income statement. Under IFRS 3, no subsequent reinstatement of the original values is made.

For the impairment test, a potential individual residual value or liquidation value is estimated based on the respective cash generating unit. Any impairment amount that exceeds the goodwill of the cash generating unit is charged against the remaining assets. In accordance with IFRS 3, goodwill amortized on a one-time basis as a result of impairment is no longer reversed. When a company is sold, the allocated goodwill is included in the determination of a gain or loss on disposal.

Intangible assets and property, plant and equipment

Intangible assets are capitalized at their acquisition cost, while property, plant and equipment is capitalized at its acquisition or production cost less accumulated ordinary depreciation and accumulated impairment losses insofar as the assets have a limited life. Depreciation is calculated using the straight-line method over the expected useful life of the asset:

Intangible assets	4 to 10 years
Buildings	25 to 50 years
Machinery and equipment	6 to 20 years
Other assets, fixtures and fittings	4 to 12 years

The useful life and depreciation methods are reviewed periodically to ensure that they correspond to the expected useful economic life of the asset.

Property, plant and equipment and intangible assets are tested for impairment in accordance with IAS 36 as soon as events or a change of conditions indicate that the carrying amount of the asset may be higher than its net realizable value. As soon as the carrying amount of an asset exceeds both the net realizable value and value in use, an impairment charge is recognized. Net realizable values are estimated for the individual assets; if this is not possible, then the cash-generating ability of the senior unit is evaluated.

Intangible assets refer to commercial and industrial property rights, licenses, patents, concessions, trademarks, water protection rights and any customer base with a limited useful life.

The purchase price of property, plant and equipment comprises the acquisition price, including import duties, non-refundable taxes and all directly attributable costs incurred for transportation and installation. As a rule, expenditures incurred after the asset has been put into service, such as repairs, maintenance, and refurbishing, are recognized as expenses. These expenses are capitalized when it is likely that they will lead to additional future economic benefits deriving from the use of the asset.

Property, plant and equipment production costs comprise direct costs as well as the pro rata share of materials and overhead production costs allocated to production. Administrative expenses and interest expense are not capitalized.

Subsidies granted for property, plant and equipment are recognized as a reduction in the cost of acquisition or production.

Work in progress comprises assets that are not yet functional and that are valued at the cost of acquisition or production. Depreciation does not apply until the respective asset is completed and fit for use.

Pursuant to IAS 17, leased assets of material importance, which from an economic viewpoint can be seen as an investment purchased with long-term financing (finance lease), are recognized at fair value of the leased asset at the start of the lease agreement, or the lower present value of the minimum lease payments. Depreciation is calculated using the straight-line method over the expected useful economic life of the asset. Payment obligations related to future lease payments are recognized as liabilities.

Assets received under other leasing or rental contracts are treated as operating leases and belong to the lessor. Current lease payments are recognized as expenses.

Shares in associated companies

The carrying amount of the shares in associated companies is then reviewed, and a corresponding impairment loss or reversal is recognized depending on whether the grounds for impairment or reversal still exist.

Financial instruments

Other non-current and financial assets, receivables, securities, cash and cash equivalents and liabilities

Financial assets and liabilities recognized on the balance sheet include cash and cash equivalents, securities, trade accounts receivable and payable, other receivables and liabilities, interest-bearing financial liabilities, shares in associated companies and other non-current assets and financial assets.

Financial instruments are derecognized when the contractual rights and obligations to cash flows from the financial instrument expire, or if all material risks and opportunities or disposal authority are transferred to a third party.

Other non-current and financial assets

Other non-current and financial assets consist of securities, loans, unconsolidated investments and remaining other financial assets.

Securities included under other financial assets are classified as financial assets available for sale and measured at fair value. Changes in fair value are recognized directly in equity under the available-for-sale reserve until the financial assets are sold or lasting impairment is determined. At this time, the accumulated gains and losses previously recorded under equity are shown through profit and loss for the period.

Loans are recognized as originated loans granted by the company at their amortized cost using the effective interest rate method, in accordance with IAS 39. This method uses the effective interest rate to amortize the difference between the acquisition cost and the nominal value. The effective interest rate is defined as the discount rate at which the sum of future cash flows to maturity or to the next interest rate readjustment date in order to reflect market prices equals the current book value of the financial asset or financial liability.

Unconsolidated investments and other financial assets are recognized at cost less any impairment losses.

Interest on securities and loans is recognized under net interest income and accrued over the appropriate period. Income from unconsolidated investments and other financial assets is recorded under other financial income.

In accordance with IAS 39, the purchase or sale of other financial assets is recognized on the settlement date.

Bank prices or relevant pricing models are used in estimating the present value of financial instruments as of the balance sheet date.

Financial assets and liabilities

Receivables and liabilities
Receivables are recognized at face value, less any bonuses, discounts or specific allowances. Receivables denominated in foreign currencies are measured using the median exchange rate on the balance sheet date. Appropriate valuation adjustments are established for identifiable risks.

Non-interest bearing or low-interest bearing receivables with an expected maturity of more than one year are discounted.

In accordance with IAS 39, receivables and liabilities are recognized at their amortized cost using the effective interest rate method. This method uses the effective interest rate to amortize the difference between the acquisition cost and the nominal value. The effective interest rate is defined as the discount rate at which the sum of future cash flows to maturity or to the next interest rate readjustment date in order to reflect market price conditions equals the current book value of the financial asset or financial liability.

The carrying amounts of receivables and liabilities – all with standard pay-out terms – correspond broadly to fair values.

Financial assets whose fair value cannot be reliably estimated are recognized at cost less any impairment loss.

Securities
Securities consist of government bonds, investment funds and other stocks and bonds traded in liquid markets. These securities serve as investments for liquid funds and are generally not intended to be held for the long term. These securities are classified as other financial assets available for sale and measured at fair value. Any resulting valuation adjustments are recognized directly in the available-for-sale reserve in equity, after allowing for deferred taxes, until the securities are sold or lasting impairment is determined. At that time, the accumulated gains and losses previously recorded in equity are recognized through profit and loss for the period.

In accordance with IAS 39, the purchase or sale of securities is recognized on the settlement date. Interest received from securities is recognized as interest income.

Held-to-maturity assets are recognized at cost less amortization, subject to lasting impairment.

Cash and cash equivalents
Cash and cash equivalents include cash balances and capital investments with a maturity of less than three months. Valuation is at mark-to-market on the balance sheet date.

The carrying amounts of cash and cash equivalents correspond broadly to their fair values.

Long-term debt
The fair value of debt is determined using the effective interest rate method.

Derivative financial instruments and hedging

Cash flow hedges
For cash flow hedges, the effective portion of the change in fair value is recognized directly in the hedging reserve in equity, while the ineffective portion is immediately recognized through profit and loss. If the cash flow hedge gives rise to an asset or liability, the amounts accrued in equity are reported through profit and loss for the period in which the hedged position affects earnings. If the hedge of an expected transaction results in the recording of a non-financial asset or liability, the gains and losses that were previously recognized directly in equity are recognized in its valuation at cost or carrying amount.

Constantia Packaging AG uses interest rate swaps to hedge interest rate risk. With these swaps, Constantia Packaging AG pays a fixed interest rate on the face value of the swap and in return receives variable interest rates on the same capital amount. These interest rate swaps offset the impact on cash flows of the underlying variable-rate financial liabilities caused by future changes in interest rates.

The Flexible Packaging segment uses futures and options in order to hedge foreign currency and price risks arising from aluminum purchases.

The Aluminum segment partially hedges future sales from the pro-rated production of Aluminium Austria Metall (Québec) through forward contracts and options, with the derivative instruments used are classified as cash flow hedges.

Fair value hedges
For fair value hedges, both the underlying transaction being hedged and derivative hedging instrument are measured at fair value through profit and loss.

The hedging of physical inventory is performed through forward sales on the LME, although hedge accounting is used in part. The subsequent valuation is based on the market value.

The Aluminum segment hedges the physical inventory against currency and price fluctuations.

Firm commitment
If off-balance sheet commitments (customer orders) have been classified as hedged underlying transactions, the subsequent cumulative changes in the fair value of the commitment that correspond to the hedged risk are recognized as assets or liabilities with a corresponding gain or loss in the earnings for the period.

Embedded derivatives
Embedded derivatives in other financial instruments or in other underlying contracts are treated as separate derivatives, when their risks and characteristics do not reflect the character of the underlying contract.

Inventories
Raw materials and supplies are measured using moving average prices, with acquisition and related costs capitalized and adjusted to reflect lower market prices.

Work in progress, finished goods and deferred income items are recognized based on variable and fixed production costs or lower net realizable value. Production costs include direct costs and pro rata cost of materials and production overheads based on normal production. General administrative and sales costs are not recognized. The net realizable value is the sales price attainable in the normal course of business less costs necessary to complete the product, including any sales costs. These costs are determined primarily using the FIFO method. Interest is not capitalized.

Inventory risks resulting from period of storage or reduced marketability are taken into account by appropriate valuation adjustments.

Non-current assets held for sale and discontinued operations

Non-current assets and discontinued operations (e.g. subsidiaries) that Constantia Packaging AG plans to sell in the next 12 months are classified as non-current assets held for sale.

Pursuant to IFRS 5, an impairment test is carried out when required by circumstances. Where necessary, assets are written down to disposal value less any disposal costs, and subsequently no longer written down until the time of disposal.

Gains and losses from discontinued business units are recognized in the period in which they occur and reported separately in the income statement as discontinued business units. The income statement of the previous reporting period is adjusted accordingly.

Business units and subsidiaries acquired solely for the purpose of resale are reported in the income statement under discontinued operations in the period of the sale or the period in which a sale was agreed to take place in the next 12 months.

Capital stock

The capital stock consists exclusively of common shares, all of which have been issued and carry the same rights.

Additional paid-in capital

In accordance with Austrian Law, additional paid-in capital includes premiums paid by shareholders in conjunction with the issuance of shares and other contributions.

Pension, severance and service anniversary bonus provisions

Provisions for defined benefit pension plans and severance and service anniversary bonus obligations are measured annually by a qualified and independent actuary. Obligations and expenses are calculated by applying the projected unit credit method in accordance with IAS 19. Under this method, the projected benefits are spread over the entire employment period, and provisions are determined based on hypothetical wage trends, weighted and discounted employee turnover and discount rates. The discount rates are determined by the Group companies based on the prevailing interest rates for medium-term investment grade bonds in each local securities market. The discounted employee turnover is also calculated for each company. Actuarial gains or losses are recognized immediately through profit and loss. At Danapak Flexibles (UK) Ltd., which was sold in May 2008, the corridor method was used for the so-called U.K. pension plan. Actuarial gains or losses that exceed 10% of the corridor are recognized through profit and loss beginning in the following year and spread over 15 years.

Biometric accounting principles are based on life expectancy probabilities in accordance with the Austrian Actuarial Association's 2008 "Salaried employees" data from Pagler & Pagler. In the United Kingdom, life expectancy probabilities are based on tables published by the Continuous Mortality Investigation Bureau of the Institute and Faculty of Actuaries (PA 92).

Pension plans that meet the requirements for netting of the plan assets with the provisions pursuant to IAS 19 are netted accordingly. For all other pension plans, the plan assets are reported under other financial assets and recognized at the value of reimbursement rights.

Interest expense on defined benefit pension obligations and increases in the net worth of plan assets are reported under net financial income. The same principle applies to severance benefits and length of service bonuses.

Some Group companies have defined contribution plans for designated employees. Since no obligation exists beyond the amount of the contribution, this amount is recognized in the relevant period as an expense.

Research and development costs

Expenditures for research and development are recognized as expenses in the period in which they occur, since the criteria for their capitalization in accordance with IAS 38 have not been fulfilled. In 2008, expenses totaling €14,628 thousand (previous year: €9,129 thousand) were recognized.

Sales recognition

Sales are recognized when delivery of product or service has been made and the ownership and risk have been transferred.

Government grants to cover expenses are principally recognized through profit and loss in the period in which they are granted. In 2008, €1,570 thousand (previous year: €1,133 thousand) in government grants was recognized through profit and loss.

Interest is accrued pro rata to the respective interest rates. Dividend income is recognized as soon as the right of shareholders to receive payment is justified.

Borrowing costs

Pursuant to IAS 23, borrowing costs are recognized as an expense in the period in which they occur based on the benchmark method.

Income taxes

Income tax liability is based on the annual profit and takes deferred taxes into account. Deferred taxes are calculated using the balance sheet liability method. They reflect the tax effect of temporary differences between the carrying amounts shown for assets and liabilities and corresponding amounts based on relevant tax regulations.

Deferred tax asset and liability calculations are based on the estimated future tax rates (and regulations) either in effect or announced as of the balance sheet date.

Deferred tax assets and liabilities take into account all temporary differences.

The deferred tax asset is recognized if it is probable that sufficient future taxable income will exist in order to use the deferred tax asset. At each balance sheet date, the carrying amounts of the deferred tax asset are re-evaluated. In some cases, the carrying amount of deferred tax assets is adjusted to the extent that sufficient taxable income is not likely to be available in the future to make use of the deferred tax asset.

Deferred taxes are directly debited from or credited to equity if they relate to an item recognized directly in equity and the taxes will be directly debited from or credited to equity in the same or another period.

Earnings per share

Pursuant to IAS 33, earnings per share are calculated by dividing consolidated net income by the weighted average number of shares issued. Newly-issued or repurchased shares during the period are valued on a pro rata basis for the period in which they are in circulation. In the reporting period under review, there was no dilution effect or discontinued business areas.

F. Discretionary decisions and estimates

In preparing the consolidated financial statements, certain estimates and assumptions have been made that have an impact on recognized assets, provisions and liabilities, on the reporting of other commitments as of the balance sheet date and recognition of income and expenses for the reporting period. Actual future results may vary from these estimates, which may lead to significant discrepancies in the consolidated financial statements.

The Executive Board of Constantia Packaging AG believes that the assumptions it has made are reasonable and that in all material aspects the consolidated financial statements provide a true and fair view of the Group's net worth, financial situation and earnings.

The estimates and underlying assumptions are subject to considerable uncertainty and are checked and updated on a regular basis. Amendments to estimates are recognized in the period in which they are made. The main assumptions underlying estimates are detailed in the notes to the corresponding items.

G. Changes to accounting and valuation methods

In light of new IFRIC, IFRS and amended IAS whose application is mandatory as of January 1, 2008, the changes indicated below were made in the consolidated financial statements for 2008. No other material changes were made in accounting principles and valuation methods.

IFRIC 14 advises on how limitations arising from IAS 19 (Employee Benefits) should be applied in determining a surplus, and how a surplus should be applied. It also explains the effects of a legal or contractual minimum funding obligation on the measurement of assets and provisions of defined benefit plans. This interpretation ensures that companies recognize plan asset surpluses in a consistent manner. The standard is mandatory for any fiscal year that begins on or after January 1, 2008. The application of this interpretation had no material impact on the presentation of the consolidated financial statements.

Amendments to IFRS 7 "Financial Instruments: Disclosures" and IAS 39 "Financial Instruments: Recognition and Measurement": "Reclassification of Financial Assets". This amendment allows a reclassification of non-derivative financial assets from the "fair value through profit and loss" category under certain conditions. It also allows a reclassification of financial assets from the category of "held for sale" to "loans and receivables", when these financial assets satisfy the criteria for the "loans and receivables" category.

IFRIC and IFRS that were of possible relevance to the Constantia Packaging Group but whose application was not mandatory as of December 31, 2008 were not applied prospectively to the consolidated financial statements.

IFRS 8 Operating Segments, which replaces IAS 14 (Segment Reporting), adopts a management approach to segment reporting and applies to fiscal years beginning on or after January 1, 2009. At the Constantia Packaging Group, the delimitation of segments is already based on internal reporting, such that no material changes are likely to arise from the implementation of IFRS 8.

IFRIC and IFRS that might be relevant to the Constantia Packaging Group but have not yet been adopted by the EU Commission were not applied in these consolidated financial statements.

In March 2007, the IASB issued the amended standard *IAS 23 Borrowing Costs.* It requires the capitalization of borrowing costs directly relating to the purchase, construction or manufacture of a qualifying asset. It abolishes the current option of deciding whether to recognize such costs immediately as an expense. The amended standard is effective for fiscal years beginning on or after January 1, 2009. The Constantia Packaging Group does not expect the standard to have any material effect on the presentation of the consolidated financial statements.

In September 2007, the IASB issued an amended version of *IAS 1 Presentation of Financial Statements* designed to simplify the analysis and comparison of financial statements. The amended standard is mandatory for fiscal years beginning on or after January 1, 2009. As the amendments refer to disclosures, we do not expect that this will have any material effect on the consolidated financial statements of Constantia Packaging AG.

In January 2008, the IASB published the amended versions of *IFRS 3 "Business Combinations"* and *IAS 27 "Consolidated and Separate Financial Statements".* These standards are the result of the second phase of the joint project implemented with the Financial Accounting Standards Board (FASB) to overhaul the accounting treatment of business combinations. The amended versions of IFRS 3 and IAS 27 have not yet been enacted into European law by the European Union. The main changes relative to the current version of IFRS can be summarized as follows:

- In the amended version of IFRS 3, companies may choose to recognize minority interests on their balance sheets at fair value or the proportionate share of identified net assets. This choice can be applied to business combinations on a case-by-case basis.

- For step acquisitions, the original investment is remeasured at fair value when the acquiring entity obtains control, with any gains or losses from this revaluation shown through profit and loss. Goodwill is then determined as the difference between the remeasured carrying amount of the investment plus consideration transferred for the acquisition of the new shares, minus the acquired net assets.

- Transaction costs are to be recognized as expenses.

- For any adjustments to acquisition costs through contingent consideration, classified as a liability on the acquisition date, goodwill cannot be adjusted at the time of the subsequent remeasurement.

- In the amended version of IFRS 3, effects from the settlement of relationships existing prior to the business combination may not be included in the purchase consideration.

- In contrast to the original version of IFRS 3, the amended standard governs the recognition and measurement of rights that were granted to another entity prior to the business combination and that are now reacquired as part of the business combination (reacquired rights).

The main changes under the amended version of IAS 27 are as follows:

- Changes in a parent company's ownership interest in a subsidiary that do not result in the loss of control are recognized exclusively within equity

- If a parent company loses control of a subsidiary, it shall derecognize the consolidated assets and liabilities. The new requirement is that any investment retained in the former subsidiary shall be recognized at fair value on the date when control is lost; any differences resulting from this fair valuation shall be recognized through profit or loss

- When losses attributed to the minority interests exceed the share of minority interests in the subsidiary's equity, these losses shall be allocated to the minority interests even if this results in a deficit balance.

The amended IFRS 3 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009. Earlier application is permitted, but only for an annual reporting period that begins on or after June 30, 2007. The changes to IAS 27 shall take effect for annual reporting periods beginning on or after July 1, 2009. Earlier application is permitted. However, the earlier application of one of these two standards requires that the other standard also be applied concurrently.

Constantia Packaging AG is currently reviewing the timing for adopting the amendments to IFRS 3 and IAS 27 and the resulting effects on the presentation of its net financial position, earnings and cash flows.

In February 2008, the IASB issued amendments to *IAS 32, "Financial Instruments: Presentation"*, and *IAS 1, "Presentation of Financial Statements"*. The amendments were enacted into European law by the European Union in January 2009. The amendments pertain to the classification of puttable financial instruments and obligations arising only upon liquidation. Some financial instruments, which currently meet the definition of a financial obligation, may be classified as equity. IAS 32 contains detailed criteria for identifying such instruments. The amendments take effect for annual reporting periods beginning on or after January 1, 2009. The amendments to the standards are not expected to have a material impact on the presentation of Constantia Packaging AG's net financial position, earnings and cash flows.

In May 2008, as part of its first *"Annual Improvements Process"* project, IASB issued a collection of standards aimed at amending several IFRS. This collection of standards involves several smaller changes to existing standards that are necessary but not urgent. The collection of standards was adopted into European law by the European Union in January 2009. The amendments are divided into two parts:

- Changes in accounting methods, i.e. changes with respect to the presentation, recognition or measurement;

- Changes in terminology or wording with only small or minimal effects on the accounting treatment.

Unless otherwise specified in the specific standard, the amendments are to be applied for fiscal years beginning on or after January 1, 2009. The application of the standards are not expected to have a material impact on the presentation of Constantia Packaging AG's net financial position, earnings and cash flows.

In May 2008, IASB issued its amended version of *IAS 27 "Consolidated and Separate Financial Statements"*. The changes were enacted into European law by the European Union in January 2009. The amendments to IAS 27 pertain to reorganizations within a consolidated group and enable the carrying amount of the shares of the previous parent to be used as the acquisition costs of a new parent. The amendments apply to fiscal years beginning on or after January 1, 2009. The application of the standards is not expected to have a material impact on the presentation of Constantia Packaging AG's net financial position, earnings and cash flows.

In July 2008, IFRIC issued *IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"*. IFRIC 16 has not yet been enacted into European law by the European Union. The interpretation provides guidance on the accounting of hedges of net investments in a foreign operation. It clarifies which risks qualify as hedged risks and which entity within a group may hold a hedging instrument. The hedge accounting therefore only applies to foreign currency translation differences with the functional currency of the parent. The (derivative or non-derivative) hedging instrument may be held by any group entity, with the exception of the foreign subsidiary itself, provided that the designation, documentation and effectiveness requirements of IAS 39.88 are satisfied with respect to a net investment hedge. IFRIC 16 applies to fiscal years beginning on or after October 1, 2008. The application IFRIC 16 is not expected to have a material impact on the presentation of Constantia Packaging AG's net financial position, earnings and cash flows.

In July 2008, the IASB issued an amendment to *IAS 39 "Financial Instruments: Recognition and Measurement"*. The amendment to IAS 39 has not yet been enacted into European law by the European Union. The change to "Eligible Hedged Items" specifies that only the fair value changes or cash flow variability of a hedged item above or below a specific price or another variable may be designated as hedges. The amendment to IAS 39 takes effect in fiscal years beginning on or after July 1, 2009, with retroactive effect. The amendment is not expected to have a material impact on the presentation of Constantia Packaging AG's net financial position, earnings and cash flows.

In November 2008, IFRIC issued *IFRIC 17 "Distribution of Non-Cash Assets to Owners"*. IFRIC 17 has not yet been enacted into European law by the European Union. The interpretation covers the recognition and measurement of liabilities from distributions of non-cash assets (e.g. property, plant and equipment) and provides guidance on how to account for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable. IFRIC 17 applies to fiscal years beginning on or after July 1, 2009. The interpretation is not expected to have a material impact on the presentation of Constantia Packaging AG's net financial position, earnings and cash flows.

H. Segment information

Business segments

Primary segment reporting for the Group is based on the Group's organizational and management structure and the Aluminum, Flexible Packaging and Corrugated Board segments.

The Flexible Packaging segment produces packaging material for industries including confectionery, food production, pet food, pharmaceuticals and beverages.

The Corrugated Board segment produces corrugated board, shipping packaging, displays, special corrugated board for hazardous materials and heavy-duty board.

The Aluminum segment produces semi-finished and cast aluminum products for processing industries.

Geographic segments

The geographic segments have been chosen as the secondary reporting format.

Intersegment transactions

Income, expenses and earnings from the various segments include eliminations between these business or geographic segments. Prices used for intersegment eliminations are based on comparable arms-length transactions.

I. Contingent liabilities and assets

Contingent liabilities are not recognized in the balance sheet, except for those recognized pursuant to IFRS 3. They are disclosed when the possibility of a material adverse effect on company resources cannot be excluded, but the conditions for recognizing a provision are not met.

Contingent assets are not recognized in the consolidated financial statements but are disclosed if a material positive effect is probable.

J. Notes to the consolidated balance sheet

1. Consolidated non-current assets table

Change in historical cost

€ thousands	As of 1/1/2008	Currency translation differences	Additions	Disposals	Change in consolidation scope	Re-classification	Reclassification as non-current assets held for sale	As of 12/31/2008
Goodwill	**58,661**	**(1,421)**	**0**	**(2,866)**	**3,878**	**0**	**0**	**58,252**
Intangible assets	**66,440**	**(1,724)**	**1,504**	**(173)**	**16**	**3,099**	**0**	**69,162**
Land	44,075	11	1	(141)	435	(2,328)	(894)	41,160
Buildings	342,226	(411)	14,406	(1,397)	6,650	11,177	(9,538)	363,113
Undeveloped land	11,555	(51)	115	(70)	0	2,708	0	14,257
Machinery and equipment	1,032,696	5,755	44,623	(14,322)	3,313	41,988	(38,324)	1,075,729
Other equipment, fixtures and furniture	110,137	(636)	13,368	(5,050)	197	(1,254)	(1,953)	114,809
Prepayments for construction in progress	44,427	90	51,218	(68)	130	(55,387)	(793)	39,617
Property, plant and equipment	**1,585,117**	**4,758**	**123,731**	**(21,048)**	**10,725**	**(3,096)**	**(51,502)**	**1,648,685**

The expansion of the consolidation scope includes the assets of German-based Constantia Aloform GmbH.

€ thousands	As of 1/1/2007	Currency translation differences	Additions	Disposals	Change in consolidation scope	Re-classification	Reclassification as non-current assets held for sale	As of 12/31/2007
Goodwill	**49,281**	**577**	**8,803**	**0**	**0**	**0**	**0**	**58,661**
Intangible assets	**39,252**	**415**	**3,040**	**(1,144)**	**23,462**	**2,160**	**(746)**	**66,440**
Land	21,050	(345)	15	(311)	24,079	83	(497)	44,075
Buildings	206,446	(1,353)	9,711	(1,486)	130,160	3,505	(4,757)	342,226
Undeveloped land	2,021	19	125	0	9,389	0	0	11,555
Machinery and equipment	631,486	(13,402)	43,790	(21,302)	389,978	28,513	(26,367)	1,032,696
Other equipment, fixtures and furniture	90,120	(485)	10,958	(6,516)	18,531	924	(3,395)	110,137
Prepayments for construction in progress	28,584	135	36,193	(1,511)	12,646	(31,619)	0	44,427
Property, plant and equipment	**979,707**	**(15,430)**	**100,792**	**(31,126)**	**584,784**	**1,406**	**(35,016)**	**1,585,117**

The change in goodwill is largely due to the acquisition of Constantia Aloform GmbH and a goodwill adjustment based on a subsequent reduction in the acquisition price.
The goodwill of Constantia Sittingbourne Ltd, was adjusted by €2.1 million in 2008.

Depreciation and impairment

€ thousands	As of 1/1/2008	Currency translation differences	Additions	Disposals	Change in consolidation scope	Re-classification	Reclassification as non-current assets held for sale	As of 12/31/2008
Goodwill	**9,574**	**0**	**0**	**(2,113)**	**0**	**0**	**0**	**7,461**
Intangible assets	**17,676**	**(282)**	**7,898**	**(94)**	**0**	**475**	**0**	**25,674**
Land	491	42	505	1	0	0	0	1,039
Buildings	123,006	(278)	15,413	(913)	0	2	(2,739)	134,490
Undeveloped land	0	0	10	0	0	3	0	13
Machinery and equipment	510,201	(915)	77,452	(10,921)	0	2,681	(30,015)	548,482
Other equipment, fixtures and furniture	73,989	(516)	11,884	(4,764)	0	(3,158)	(1,603)	75,832
Prepayments for construction in progress	22	1	0	0	0	0	0	23
Property, plant and equipment	**707,709**	**(1,666)**	**105,264**	**(16,597)**	**0**	**(472)**	**(34,357)**	**759,879**

€ thousands	As of 1/1/2007	Currency translation differences	Additions	Disposals	Change in consolidation scope	Re-classification	Reclassification as non-current assets held for sale	As of 12/31/2007
Goodwill	**9,574**	**0**	**0**	**0**	**0**	**0**	**0**	**9,574**
Intangible assets	**8,899**	**(247)**	**7,656**	**(1,000)**	**1,488**	**1,625**	**(745)**	**17,676**
Land	359	(19)	358	0	0	(189)	(18)	491
Buildings	95,734	303	14,981	(490)	15,590	1,104	(4,217)	123,006
Undeveloped land	0	0	0	0	0	0	0	0
Machinery and equipment	420,126	(2,050)	58,750	(16,041)	74,016	1,014	(25,614)	510,201
Other equipment, fixtures and furniture	64,671	(428)	11,568	(6,107)	7,500	76	(3,291)	73,989
Prepayments for construction in progress	64	(1)	24	0	0	(64)	0	22
Property, plant and equipment	**580,954**	**(2,194)**	**85,681**	**(22,638)**	**97,106**	**1,941**	**(33,140)**	**707,709**

Carrying amounts

€ thousands	Costs as of 12/31/2008	Accumulated depreciation as of 12/31/2008	Carrying amount as of 12/31/2008	Carrying amount as of 12/31/2007
Goodwill	**58,252**	**7,461**	**50,791**	**49,087**
Intangible assets	**69,162**	**25,674**	**43,488**	**48,764**
Land	41,160	1,039	40,121	43,584
Buildings	363,113	134,490	228,623	219,220
Undeveloped land	14,257	13	14,244	11,555
Machinery and equipment	1,075,729	548,482	527,247	522,495
Other equipment, fixtures and furniture	114,809	75,832	38,977	36,148
Prepayments for construction in progress	39,617	23	39,594	44,405
Property, plant and equipment	**1,648,685**	**759,879**	**888,807**	**877,409**

Impairment and reversal of impairment

In 2008, no impairment losses were recorded on property, plant and equipment or intangible assets. The previous year, the company recorded impairment losses of €12,653 thousand and €37 thousand, respectively.

In 2007, the Flexible Packaging segment recorded impairment losses of €12,653 thousand for machinery and equipment at Constantia Colmar Inc., Multifilm Packaging Corp., Constantia UK Ltd., TS Flex Ltd. and Haendler & Natermann Sport GmbH, Germany, and €37 million for intangible assets at TS Flex Ltd.

Determination of value was made on the basis of the cash flows anticipated by the Executive Board over the next four years. The discount rate was calculated on the basis of the company's weighted capital costs.

Goodwill

€ thousands	2008	2007
Drukkerij Verstraete N.V.	9,327	9,327
ColorCap Spz.o.o.	8,582	10,495
Hueck Folien GmbH & Co. KG	7,545	7,698
Haendler & Natermannn GmbH	4,447	4,447
Constantia Aloform GmbH	3,878	0
Constantia Sittingbourne Ltd. (previously G&A Healthcare Packaging Ltd.)	3,808	3,808
SIM'EDIT SAS	3,764	3,764
Duropack Bupak Obaly a.s.	3,644	3,644
Constantia Patz Ges.m.b.H. (previously K. Heyer Ges.m.b.H.)	3,197	3,197
CJSC Constantia Kuban (previously Akerlund & Rausing Kuban ZAO)	1,666	1,666
Novis Casa de Editura si Tipografia S.R.L.	933	1,041
	50,791	**49,087**

Pursuant to IFRS 3, goodwill for ColorCap Sp.z.o.o. and Novis Casa de Editura si Tipografia S.R.L. is measured using prices at the respective balance sheet dates.

A subsequent change to the acquisition price of ColorCap Sp.z.o.o. led to a €600 thousand reduction in goodwill in 2008. Similarly, goodwill related to Hueck Folien GmbH & Co. KG in 2008 was reduced by €153 thousand following a retroactive acquisition price adjustment.

Government grants for property, plant and equipment

In 2008, government grants for property, plant and equipment amounted to €1,818 thousand (previous year: €1,771 thousand). The grants are normally bound by conditions such as guaranteeing jobs and attainment of sales goals.

Finance lease agreements

The underlying interest rate on the finance lease transactions is determined by contract for the entire lease period. The leases mainly involve buildings and machinery.

The carrying amounts of leased assets are as follows:

€ thousands	2008	2007
Land	790	844
Buildings	14,542	15,711
Machinery	18,398	19,702
Other equipment	2,408	2,971
	36,138	**39,228**

Outstanding minimum lease payments as of the balance sheet date are as follows:

	Minimum lease payments		Present value of minimum lease	
€ thousands	**2008**	**2007**	**2008**	**2007**
Up to one year	8,675	7,823	6,870	6,351
1 – 5 years	27,637	23,324	23,392	19,873
Over 5 years	8,589	9,095	7,349	7,292
	44,901	**40,242**	**37,611**	**33,516**
Less future finance costs	(7,290)	(6,726)		
Present value of leasing obligations	**37,611**	**33,516**		

The increase in the present value of minimum lease payments resulted mainly from the conclusion of a lease agreement for two printing machines by Drukkerij Verstraete N.V.

Operating leases

The Group has entered into various operating leases as lessee for buildings, machinery, office space and other items. These lease agreements have no effect on Group activities with regard to dividends, additional borrowings or other lease agreements.

Future lease obligations from operating leases are as follows:

€ thousands	2008	2007
Up to one year	17,121	16,980
1 – 5 years	11,435	11,597
Over 5 years	1,357	2,534
	29,913	**31,111**

Obligations from capital expenditures

Obligations from capital expenditures totaled €25,604 thousand in 2008 (previous year: €22,776 thousand).

2. Shares in associated companies

In April, Duropack AG acquired a 20% equity interest in Belisce d.d., Croatia. Through additional share purchases, this initial equity investment was raised to 24.90% through September 30. The cost of the shares (including ancillary costs) totaled €37,349 thousand. Belisce d.d. Group is listed on the Zagreb Stock Exchange and is Croatia's leading producer of paper and plastic packaging. The equity investment in Belisce d.d. is recognized in the consolidated financial statements as an associated company pursuant to IAS 28. Goodwill was determined based on the provisional fair value pursuant to IFRS 3 in connection with IAS 28.

As of the December 31, 2008 balance sheet date, the market value of the shares acquired by Duropack AG was €18,787 thousand.

The change in the equity contribution for the period April 1, 2008 through December 31, 2008 was as follows (the change in equity contribution for the period January 1, 2007 through September 30, 2007 applies to Austria Metall AG):

€ thousands	2008	2007
Carrying amount as of 1/1	0	96,305
Additions	37,349	0
Pro rata earnings after taxes in accordance with Austrian Commercial Code (UGB)	223	23,462
Dividend payments	(199)	(4,250)
Reclassification due to inclusion in scope of consolidation	0	(123,012)
Foreign exchange differences	(864)	7,495
Carrying amount as of 9/30 or 12/31	**36,508**	**0**

The following summary table presents key balance sheet information and income statement results for Belisce d.d. The figures do not correspond to the amounts attributable to the shares owned by Constantia Packaging AG, but present pro forma figures based on 100% share ownership. The amounts for 2007 are based on the audited 2007 consolidated financial statements of Belisce d.d., while the 2008 amounts are based on the as yet unaudited local consolidated financial statements prior to IFRS 3 adjustments.

€ thousands	2008	2007
Current assets	74,030	71,450
Non-current assets	130,118	134,345
Debt	126,279	124,840
Net sales	168,982	167,371
EBIT	6,697	9,800
Net income	1,494	4,936

3. Other non-current and financial assets

€ thousands	2008	2007
Securities	4,047	3,547
Non-current derivative financial instruments	74,213	0
Loans	1,156	1,203
Unconsolidated equity interests	7,577	8,209
Other financial assets	13,138	14,999
	100,131	**27,958**

Securities include mainly shares on the Vienna Stock Exchange AG and investment funds and bonds, which are mainly used to cover provisions for pensions and severance provisions as required under Austrian law.

The change in non-current derivative financial instruments is mainly due to the sharp drop in LME prices as of the balance sheet date. As a result, the smelter production forwards and options now have positive values.

Non-current derivative financial instruments include an embedded derivative of Teich Aktiengesellschaft in a customer supply agreement with a value of €8,318 thousand (previous year: €0).

The loans, whose interest rates reflect market conditions, are to Wanfried-Druck Kalden GmbH, Germany, which was sold in 2006.

Following the remeasurement of power supply agreement pursuant to IFRS 3, the Phase I embedded derivative was remeasured while the Phase II embedded derivative was derecognized.

A 0.08% equity investment in Komercijalna Banka A.D., Serbia, is recognized under unconsolidated equity investments.

Unconsolidated equity investments also include shares in Hamburger Aluminium Werk GmbH, Ausbildungszentrum Braunau GmbH and Speditionszentrum Ranshofen GmbH totaling €6,946 thousand.

The remaining other financial assets include in particular coverage assets for pension collateral and severance pay and asset values for capital cover insurance for which no netting agreements exist. Since 2006, the reinsurance for pensions, which satisfies the criteria for netting under IAS 19, are qualified as plan assets and netted against pension reserves. Similarly the remaining other financial assets include tax credits totaling €6,531 thousand in 2008 (previous year: €6,531 thousand).

4. Inventories

€ thousands	2008	2007
Raw materials and supplies	111,356	107,741
Work in progress	50,523	55,762
Finished goods, merchandise	160,233	187,932
Reclassification to assets held for sale	(10,879)	(3,771)
	311,234	**347,664**
Impairment inventories	9,397	7,596

This item includes impairment losses of €9,397 thousand (previous year: €7,596 thousand), which are recognized on the income statement under cost of materials.

5. Trade accounts receivable

€ thousands	2008	2007
Receivables, including receivables from asset disposals	248,597	267,019
Impairment charge	(7,369)	(6,328)
Reclassification to non-current assets held for sale	(9,456)	(4,070)
	231,772	**256,621**

6. Other receivables

€ thousands	2008	2007
Derivative financial instruments	205,485	55,557
Accruals	5,528	11,621
Other tax receivables	15,215	12,815
Advance payments	1,058	2,167
Miscellaneous receivables	34,781	16,999
Reclassification to non-current assets held for sale	(513)	(323)
	261,554	**98,836**

The increase in derivative financial instruments resulted mainly from the downward aluminum price trend through year-end. The derivative financial instruments are divided into the following categories in accordance with IAS 39 and showed the following fair values as of December 31, 2008:

Derivative financial instruments not designated as hedges pursuant to IAS 39 and recognized as such: €124,556 thousand (previous year €35,536 thousand).

Derivative financial instruments designated in a documented and demonstrably effective hedging relationship to hedge the fair value of a recognized asset or binding obligation: €26,994 thousand (previous year: €9,014 thousand).

Derivative financial instruments designated in a documented and demonstrably effective hedging relationship to hedge cash flows: €53,935 thousand (previous year: €11,007 thousand).

7. Non-current assets held for sale and liabilities directly associated with non-current assets held for sale

On February 27, 2009, Constantia Packaging AG entered into an agreement with the Danish company Arla Foods to sell its 60% interest in the joint venture Danapak Flexibles A/S and at the same time to acquire 100% of the shares in Corona Packaging A/S.

The termination of the joint venture reflects the current strategic orientations of both Groups and furthers their respective efforts to focus on core markets. Arla Foods will obtain the 60% equity interest formerly held by Constantia Packaging AG in the Slagelse and Horsens sites, which are well suited to the needs of the Arla Foods Group. The two sites had a total of 270 employees and generated sales of around €60 million. Meanwhile, Constantia Packaging AG will keep the third site, Corona Packaging A/S. With 30 employees and sales of around €18 million, this site is an excellent distribution point for the Scandinavian region.

The acquisition price is subject to a confidentiality agreement, and the agreements still need to be approved by the respective company boards and competition authorities.

Danapak and Corona produce packaging for dairy and food products.

Under assets and liabilities held for sale, impairment of €8,000 thousand was recognized on a shareholder loan and a corresponding impairment loss was recorded in other financial income.

Non-current and current liabilities in the amount of €39,089 thousand and non-current and current receivables in the amount of €1,372 thousand, which are linked to non-current assets held for sale, are recognized as receivables or liabilities. The remaining amounts are shown separately in the notes to the various items.

8. Equity

Changes in equity are shown separately in the consolidated equity statement.

Capital stock

The capital stock comprises 16,800,000 no-par-value shares. The Group held 12.83% of the shares in the associated company Austria Metall AG. On August 21, 2007, these shares were sold to Constantia Packaging B.V., the Netherlands, which is the majority shareholder of Constantia Packaging AG.

The Executive Board is authorized until May 12, 2011, to raise the capital stock on one or more occasions from the current par value of €17,448,000 by up to 8,400,000 new bearer shares (no-par value) representing a nominal value of €8,724,000 for cash or contributions in kind with a minimum issue price of 100% of par value and the issue price and conditions are to be determined in agreement with the Supervisory Board. With the approval of the Supervisory Board, the Executive Board may also exclude subscription rights of shareholders only if capital stock is being increased in return for contributions in kind from companies, business operations, individual divisions or shares in one or more companies either in Austria or abroad.

The Supervisory Board is authorized to amend the company's by-laws in order to approve the issue of new shares.

Dividends

The Executive Board of Constantia Packaging AG will recommend to the Shareholders' General Meeting on April 29, 2009, that it distribute dividends totaling €23,520 thousand from 2008 earnings. This represents a dividend of €1.20 plus €0.20 bonus per share.

At the Shareholders' General Meeting held on May 15, 2008, shareholders approved a distribution from 2007 earnings in the amount of €20,160 thousand (€1.00 plus a €0.20 bonus per share).

Capital reserves

Capital reserves consist of €21,947 thousand (previous year: €21,947 thousand) of restricted capital reserves and €120,968 thousand (previous year: €120,968 thousand) of unrestricted capital reserves.

Retained earnings

Retained earnings include the legal reserve based on the annual net income reported in the financial statements of the parent company, the untaxed reserves on annual net income established in accordance with tax regulations and cumulated retained earnings from previous years and the current year. In the previous year, currency translation differences were reclassified to retained earnings. This reclassification was undertaken to enhance transparency.

Hybrid capital

In July 2008, Constantia Packaging AG issued a perpetual maturity bond subordinated to all other creditors (hybrid capital) with a nominal volume of €250.0 million. The coupon is 7.16% per annum, which can also be suspended if the dividend is eliminated. After an initial seven-year period, Constantia Packaging AG may redeem the bond or renew it at a higher, but variable, interest rate (3-month Euribor plus 7.2%). The bond is not redeemable by creditors. In addition to the fixed or variable interest, bondholders receive additional income if the company meets prescribed earnings targets. Based on the bond terms, the hybrid capital is recognized as equity under IAS 32. Payments to bondholders are therefore treated similarly to dividend obligations to shareholders. Costs related to the bond issue were deducted directly from the hybrid capital after allowing for deferred income tax.

Minority interests

Minority interests refer mainly to the 49% stake in Drukkerij Verstraete N.V. and the 26.55% stake in the AMAG Group.

9. Non-current provisions

€ thousands	2008	2007
Severance	50,505	49,254
Pensions	27,213	24,812
Medical benefits	3,918	0
Service anniversary bonus	8,910	8,472
Sales agents	3,899	3,282
Other non-current provisions	33,226	57,082
	127,671	**142,902**

The notes regarding the sub-headings "sales agents" and "other non-current provisions" are made in accordance with reconciliation amounts from social security provisions.

Severance provisions

€ thousands	2008	2007
Present value of obligations as of 1/1	49,254	26,860
(Gain)/loss on foreign exchange	(27)	84
Change in consolidation scope	0	20,586
Current service cost	1,854	1,169
Interest expense	2,042	1,057
Benefits paid	(4,362)	(2,526)
Actuarial (gains)/losses	1,744	2,024
Present value of obligations as of 12/31	**50,505**	**49,254**
Current service cost	1,854	1,169
Indemnity expense	1,673	1,710
Actuarial (gains)/losses	1,744	2,024
Severance expense	**5,271**	**4,903**
Payments (defined benefit contribution plan)	415	260
Severance expense and payments to company savings plans	**5,686**	**5,163**

€ thousands	2008	2007	2006	2005	2004
Present value of obligations as of 12/31 = Severance provision 12/31	50,505	49,254	26,860	24,689	22,225

Severance provisions refer mainly to provisions for benefits for severance claims in Austria.

Actuarial calculations were based on the following assumptions:

	12/31/2008	12/31/2007
Salary increase	3 – 5%	2.50%
Discount rate	5%	4.50%

Pension provisions

2008 in € thousands	funded	unfunded	total
Present value of obligations as of 1/1	49,880	12,741	62,621
Reclassification	(4,100)	659	(3,441)
(Gain)/loss on foreign exchange	646	7	653
Current service cost (employer and employees)	1,211	264	1,475
Interest expense	2,184	482	2,666
Benefits paid	(1,461)	(1,746)	(3,207)
Change in consolidation scope	0	550	550
Prior service cost	158	16	174
Actuarial (gains)/losses	(4,061)	(1,111)	(5,172)
Present value of obligations as of 12/31	**44,457**	**11,862**	**56,319**

reduced by plan assets

2008 in € thousands	funded	unfunded	Total
Fair value of plan assets as of 1/1	37,809	0	37,809
Gain/(loss) on foreign exchange	554	0	554
Expected return on plan assets	2,030	0	2,030
Contributions (employer and employee)	804	0	804
Actuarial gains (losses)	(12,091)	0	(12,091)
Fair value of plan assets as of 12/31	**29,106**	**0**	**29,106**

2008 in € thousands	funded	unfunded	Total
Current service cost (employer)	828	264	1,092
Actuarial (gains)/losses	8,030	(1,111)	6,919
Prior service cost	158	16	174
	9,016	**(831)**	**8,185**
Pension fund payments (defined contribution plans)	1,152	729	1,881
Pension expense	**10,168**	**(102)**	**10,066**

2007 in € thousands	Other	UK	Total
Present value of obligations as of 1/1	11,009	29,633	40,642
(Gain)/loss on foreign exchange	(4)	(2,519)	(2,523)
Current service cost (employer and employees)	1,037	304	1,341
Interest expense	1,175	1,391	2,566
Benefits paid	(1,530)	(1,054)	(2,584)
Change in consolidation scope	50,203	0	50,203
Actuarial (gains)/losses	731	(1,945)	(1,214)
Reclassification to liabilities held for sale	0	(25,810)	(25,810)
Present value of obligations as of 12/31	**62,621**	**0**	**62,621**

reduced by plan assets

2007 in € thousands	Other	UK	Total
Fair value of plan assets as of 1/1	3,318	25,043	28,361
Gain(loss) on foreign exchange	0	(2,129)	(2,129)
Expected return on plan assets	581	1,602	2,183
Contributions (employer and employee)	3,264	623	3,887
Benefits paid	(495)	(1,054)	(1,549)
Change in consolidation scope	31,595	0	31,595
Actuarial gains (losses)	(454)	(276)	(730)
Reclassification to liabilities held for sale	0	(23,809)	(23,809)
Fair value of plan assets as of 12/31	**37,809**	**0**	**37,809**

2007 in € thousands	Other	UK	Total
Current service cost (employer)	434	210	644
Actuarial (gains)/losses	731	0	731
	1,165	**210**	**1,375**
Pension fund payments (defined contribution plans)	2,760	407	3,167
Pension expense	**3,925**	**617**	**4,542**

€ thousands	2008	2007	2006	2005	2004
Present value of obligations 12/31	**56,319**	**62,621**	**40,642**	**39,010**	**38,596**
unfunded	11,862	0	29,633	29,228	26,694
funded	44,457	62,621	11,009	9,782	11,902
Fair value of plan assets 12/31	**29,106**	**37,809**	**28,361**	**23,253**	**19,637**
unfunded	0	0	25,043	23,253	19,637
funded	29,106	37,809	3,318	0	0
Surplus for obligation	**27,213**	**24,812**	**12,281**	**15,757**	**18,959**
unfunded	11,862	0	4,590	5,975	7,057
funded	15,351	24,812	7,691	9,782	11,902
Portion not on balance sheet	**0**	**0**	**(2,826)**	**(3,925)**	**(5,310)**
unfunded	0	0	(2,826)	(3,925)	(5,310)
funded	0	0	0	0	0
Pension provision 12/31	**27,213**	**24,812**	**9,455**	**11,832**	**13,649**
unfunded	11,862	0	1,764	2,050	1,747
funded	15,351	24,812	7,691	9,782	11,902

The pension provisions mainly cover the provisions established in Austria, Germany and Canada. In Canada, a subsidiary of Austria Metall AG offers its employees pension payments tied to length of service and average income and calculated using the projected benefit method. The related costs of the plan are determined in consultation with an actuary.

Actuarial calculations were based on the following important assumptions:

Austria and Germany	12/31/2008	12/31/2007
Salary increase	3 – 5%	2.50%
Pension increase	2.5 – 3%	2.00%
Discount rate	5%	4.50%

The main plan asset categories relative to total plan assets:

in %	2008	2007
Equity instruments	30.0	44.8
Bonds	37.6	42.4
Other investments	21.7	9.8
Cash and cash equivalents	10.7	3.0

Provisions for medical care

€ thousands	2008
Present value of obligations as of 1/1	0
Reclassification	3,441
(Gain)/loss on foreign exchange	215
Current service cost (employer and employee)	287
Interest expense	261
Prior service cost	395
Actuarial (gains)/losses	(681)
Present value of obligations as of 12/31	**3,918**

€ thousands	2008
Current service cost (employer)	287
Actuarial (gains)/losses	(682)
Prior service cost	395
Expense for medical care	**0**

Provisions for medical care are presented differently for 2008 compared with the previous year. In 2007, the amount of the provision for medical care was included in the pension provision. The itemized presentation involves a reclassification from pension provisions totaling €3,441 thousand. Given the immaterial amounts and insufficient information for the previous year, no comparison figures are provided.

The main assumptions for the actuarial calculation were:

Canada	12/31/2008	12/31/2007
Salary increase	3.00%	3.00%
Discount rate	6.00%	5.50%
Expected return of plan assets	7.25%	7.25%

The measurement of the actuarial parameters is based on the assumption of an 11% increase in medical benefit costs as of 2000. As of 2012, however, a gradual reduction in the rate of cost increases to 5% is expected.

Service anniversary bonus provisions

€ thousands	2008	2007
Present value of obligations as of 1/1	8,472	4,481
(Gain)/loss on foreign exchange	8	0
Change in consolidation scope	0	2,761
Current service cost	459	278
Interest expense	346	143
Benefits paid	(571)	(345)
Actuarial (gains)/losses	196	1,190
Reclassification to liabilities held for sale	0	(36)
Present value of obligations as of 12/31	**8,910**	**8,472**

€ thousands	2008	2007
Current service cost (employer)	459	278
Actuarial (gains)/losses	196	1,190
Expenses for service anniversary	**655**	**1,468**

€ thousands	2008	2007	2006	2005	2004
Present value of obligations 12/31 = Service anniversary bonus provision 12/31	8,910	8,472	4,481	4,287	5,464

The main assumptions for the actuarial calculation were:

	12/31/2008	12/31/2007
Salary increase	3.00 – 5.00%	2.50%
Discount rate	5.00%	4.50%

Provisions for sales agents and other non-current provisions

€ thousands	2008	2007
Carrying amount as of 1/1	60,363	1,521
(Gain)/loss on foreign exchange	392	(581)
Change in consolidation scope	300	31,852
Utilization	(34,491)	(64)
Reversal	(2,398)	(446)
Reclassification	0	5,000
Additions (including interest)	12,959	23,135
Reclassification to liabilities held for sale	0	(54)
Carrying amount as of 12/31	**37,125**	**60,363**

Non-current provisions include provisions for sales agents totaling €3,899 thousand. The other non-current provisions mainly include provisions for customer bonuses (€3,493 thousand), bonuses (€7,657 thousand), contract risks and hazards (€3,464 thousand) and follow-up costs related to the smelter closing (€2,267 thousand). This item also includes the non-current portion of the provisions for Canadian value added tax risks totaling €3,330 thousand.

Provision utilization relates mainly to the subsequent purchase price payment from the earn-out clause for Austria Metall AG, which was used in full.

10. Current provisions

€ thousands	2008	2007
Carrying amount as of 1/1	21,547	14,536
(Gain)/loss on foreign exchange	584	(172)
Change in consolidation scope	452	26,427
Utilization	(7,503)	(6,114)
Reversal	(5,577)	(7,581)
Reclassification/revaluation	(53)	(5,851)
Additions	17,728	838
Reclassification to liabilities held for sale	0	(536)
Carrying amount as of 12/31	**27,178**	**21,547**

The increase in current provisions is mainly due to contract risks and hazards, legal and consultancy costs and bonuses totaling €15,034 thousand. This item also includes provisions for Canadian value added tax risks in the amount of €3,146 thousand.

11. Liabilities

2008 in € thousands	Total	Remaining term under 1 year	Remaining term 1 – 5 years	Remaining term over 5 years
Debt	519,180	163,246	300,146	55,788
Other non-current liabilites	97,320	0	85,204	12,116
Trade accounts payable	128,688	128,688	0	0
Tax liabilities	16,195	16,195	0	0
Other liabilities	251,942	251,942	0	0
	1,013,325	**560,071**	**385,350**	**67,904**

2007 in € thousands	Total	Remaining term under 1 year	Remaining term 1 – 5 years	Remaining term over 5 years
Debt	688,459	308,148	310,873	69,438
Other non-current liabilites	86,173	0	54,006	32,167
Trade accounts payable	144,144	144,144	0	0
Tax liabilities	21,474	21,474	0	0
Other liabilities	184,017	184,017	0	0
	1,124,267	**657,783**	**364,879**	**101,605**

In 2008, debt decreased by €169,279 thousand to €519,180 thousand. This decrease was mainly due to net effect of paying down the €174,000 thousand loan used to finance the acquisition of AMAG on the one hand and new borrowings to purchase the equity interests in Duropack AG (€55.8 million), Croatia-based Belisce d.d. (€36.7 million) and the German company Constantia Aloform GmbH on the other.

Debt also includes a variable rate bond issued by Constantia Packaging AG in the amount of €50,000 thousand, which was issued on December 23, 2005 with a maturity of 7 years. Constantia Packaging AG reserves the right to call in the bond early at each coupon date (June 23 and December 23) with three months prior notice. By purchasing interest rate swaps with matching maturities, a fixed rate of interest was achieved on the variable rate bond, amounting to 3.33%, not including the margin established in the bond terms. The additional margin, which is calculated on the ratio of net debt to EBITDA, ranges between 0.30% and 0.75% and as of the balance sheet date was 0.35%.

In 2008, €25,808 thousand of the debt was backed by mortgages (previous year: €33,208 thousand). The change in the mortgage-backed debt is due to the reclassification of debt from Danapak Flexibles A/S, Denmark, to liabilities held for sale.

Other non-current liabilities include non-interest bearing loans of a subsidiary of Austria Metall AG with a carrying amount of €11,164 thousand.

Other non-current liabilities include liabilities to the limited liability partners of Hueck KG amounting to €20,578 thousand, the initial valuation of options for the purchase of the remaining stake in Novis Casa de Editura si Tipografia S.R.L. and Constantia Color Cap Sp.z.o.o. totaling €7,522 thousand. Furthermore, other non-current liabilities include the non-current part of hedging activities for the smelter production of a subsidiary of Austria Metall AG amounting to €19,579 thousand.

Of the trade accounts payable, €12,815 thousand (previous year: €13,016 thousand) relate to investment liabilities.

12. Other liabilities

€ thousands	2008	2007
Derivative financial instruments	148,819	47,036
Hedging smelter production	27,417	45,074
Personnel expenses	26,993	29,985
Accrued unused vacations	16,966	17,698
Other taxes	12,300	15,848
Medical insurance fund	5,690	5,505
Deferred income	1,969	755
Other liabilities	22,630	26,165
Reclassification to other liabilities held for sale	(10,842)	(4,049)
	251,942	**184,017**

Derivative financial instruments include derivatives with negative market values, which cannot be designated as part of a hedging relationship under IAS 39 and serve primarily to hedge the AMAG Group's aluminum inventory and orders. The increase in derivative financial instruments from €47,036 thousand to €148,819 thousand resulted primarily from falling aluminum prices through year-end.

The current portion of the derivatives, which serves to hedge the smelter production of Austria Metall (Quebec) Inc. and satisfies the requirements of IAS 39 for designation as a hedging instrument, is designated as a cash flow hedge.

The derivative financial instruments break down into the following categories pursuant to IAS 39, and had the following market values as of the balance sheet date:

Derivative financial instruments not designated as hedges pursuant to IAS 39 and recognized as such: €89,408 thousand (previous year: €35,732 thousand).

Derivative financial instruments designated in a documented and demonstrably effective hedging relationship to hedge the fair value of a recognized asset or binding obligation: €24,590 thousand (previous year: €2,410 thousand).

Derivative financial instruments designated in a documented and demonstrably effective hedging relationship to hedge cash flows: €34,821 thousand (previous year: €8,894 thousand).

Other liabilities include mainly €2,462 thousand in liabilities to the limited partners of Hueck KG and the interest portion of a tax obligation to a Constantia Flexibles subsidiary in the amount of €2,355 thousand. Other liabilities also includes two loans to the held-for-sale company Danapak Flexibles A/S in the amount of €5,168 thousand, which are being reclassified in accordance with IFRS 5.

K. Notes to the consolidated income statement

13. Sales

With its diversified product range, the Constantia Packaging Group is not subject to the risk of dependency on a few customers. The top 10 customers in the Flexible Packaging segment accounted for 25.0% (previous year: 24.8%) of sales, with the largest customer accounting for 4.62% (previous year: 4.3%). The share of the top 10 customers in the Corrugated Board segment accounted for 16.5% (previous year: 15.3%) of sales, with the largest customer accounting for 3.5% (previous year: 4.4%). In the Aluminum segment, the top 10 customers accounted for 38.6% of sales, compared with 46.6% (fourth quarter of 2007), and the largest customer accounted for 8.5%, compared with 18.1% (fourth quarter of 2007). Additional information concerning sales is contained in the segment report.

Sales include expenses related to derivatives designated as hedges pursuant to IAS 39 in the amount of €2,480 thousand (previous year: €515 thousand).

Cost of materials includes income from derivatives designated as hedges pursuant to IAS 39 in the amount of €17,418 thousand, compared with €6,832 thousand the previous year.

14. Other operating income

€ thousands	2008	2007
Negative goodwill	0	15,089
Proceeds from property, plant and equipment disposals	1,284	3,999
Gains on palette disposals	4,278	3,516
Foreign exchange gains	9,848	3,427
Rental income	1,413	2,298
Grants and government subsidies	1,570	1,133
Insurance proceeds	2,517	846
Income from deconsolidation	2,841	0
Other	31,748	22,994
	55,499	**53,302**

The “Other” item includes €26,508 thousand in income to AMAG Group companies from re-billings to third-party customers for services provided.

15. Personnel expenses

€ thousands	2008	2007
Wages	177,127	144,156
Salaries	126,499	100,109
Severance expenses and payments to company pension plans	5,686	5,163
Pension expense	10,066	4,542
Expenses for payroll taxes payments to company pension plans	63,778	51,273
Other personnel expenses	6,053	6,299
	389,209	**311,542**

Severance expenses and payments to company savings plans include payments to company savings plans in the amount of €415 thousand (previous year: €260 thousand).

€ thousands	2008	2007
Average number of wage earners	5,722	5,945
Average number of salaried employees	2,519	2,409
	8,241	**8,354**

The variable compensation component for members of the Executive Board and senior management of Constantia Packaging AG has always been dependent on company profits. Performance-based compensation currently stands at around 50% of total compensation and is linked to attainment of key performance figures. Targets are determined in conjunction with multi-year budgets approved by the Supervisory Board. The Group also carries D&O liability insurance totaling €66 thousand (previous year: €53 thousand).

Direct pension benefits that give rise to a pension provision being set aside are no longer granted. The company pension plan for members of the Executive Board consists exclusively of defined contribution plans for which the company does not incur any defined benefit obligation.

Compensation for members of the Supervisory Board amounted to €70 thousand (previous year: €70 thousand). In 2007, a public relations consultancy agreement was concluded with one member of the Supervisory Board, for which the consulting fee paid this year amounted to €15 thousand (previous year: €15 thousand).

Compensation for members of the Supervisory Board is determined annually by the Shareholders' General Meeting and takes into account the responsibilities and activities of the members of the Supervisory Board. Particular account is taken of the size and organizational structure of the company and the decision-making scope of the Supervisory Board. However, the performance of the company is of less importance, in contrast to the benchmarks used to determine the compensation of Executive Board members. The activities of the Supervisory Board do not lend themselves to performance-based compensation.

The Supervisory Board distributes compensation among its members at its own discretion, but traditionally little distinction is made between the amounts received by individual members. No attendance fees are paid.

16. Other operating expenses

€ thousands	2008	2007
Freight	65,591	49,520
Maintenance	44,345	37,325
Other third-party expenses and consultant fees	34,925	22,480
Rentals, leases	9,956	11,144
Travel and vehicle expenses	10,227	9,150
Commissions	9,921	10,862
Insurance	8,132	7,290
Other taxes	7,173	3,544
Advertising expense	4,351	3,563
Communications expenses	3,660	3,292
Foreign exchange differences	4,442	3,859
Charges on monetary transactions	1,254	1,535
Loss on property, plant and equipment disposals	2,100	2,489
Risk provisions	1,837	2,677
Other	40,448	17,756
	248,362	**186,486**

Other operating expenses includes €22,861 thousand in expenses incurred by AMAG Group companies for re-billed services to third-party customers.

17. Income from equity affiliates

Income from equity affiliates totaling €223 thousand was provided exclusively by the Belisce d.d. Group. The previous year, this item totaled €23,462 thousand, corresponding to the proportionate share of income pursuant to the Austrian Corporate Code (UGB) from Austria Metall AG through September 30, 2007.

18. Net financial income (expense)

€ thousands	2008	2007
Interest income	8,903	10,164
Interest expense	(37,648)	(36,619)
Income from equity affiliate	223	23,462
Other financial income (expense)	(14,716)	(3,311)
	(43,238)	**(6,304)**

Other net financial income includes an €8,000 thousand impairment loss on a shareholder loan to Danapak Flexibles A/S, Denmark (previous year: €0). Other net financial income also includes the net impact of derivatives not designated as hedges in accordance with IAS 39 in the amount of €258 thousand (previous year: €1,571 thousand).

19. Income tax

As part of Group tax management, the Constantia Packaging Group consolidated the Austrian companies into a tax group pursuant to § 9 of the Austrian Corporate Tax Law (KStG). Taxable income of Group members is allocated to Constantia Packaging AG (lead company) after being set off against their own pre-consolidation losses. As part of the consolidated tax-sharing agreement, a tax assessment for the companies in the tax group was calculated using the stand-alone method.

Tax reconciliation

€ thousands	2008	2007
Earnings before tax	133,563	143,411
Tax expense at 25%	33,391	35,853
Negative goodwill	0	(3,772)
Other non-deductible expenses	2,038	1,653
Tax-exempt income	(6,573)	(503)
Other tax rates	2,432	3,800
Release of/allocation to reserves tax accrual and deferral, tax audits, withholding taxes	5,931	5,115
Changes tax rates	(1,679)	(901)
Tax benefits	(540)	(560)
Income from equity affiliate	(56)	(5,866)
Establishment and reversal of impairment to deferred taxes	5,586	(3,988)
Fiscal investment amortization	(5,545)	(761)
Other	(592)	2,561
	34,393	**32,630**

20. Deferred taxes

€ thousands	2008 Deferred taxes Assets	2008 Deferred taxes Liabilities	2007 Deferred taxes Assets	2007 Deferred taxes Liabilities
Intangible assets	2,179	3,914	833	4,736
Property, plant and equipment	1,887	66,219	606	71,438
Financial and non-current assets	7,977	18,615	5,284	4,615
Inventories	7,281	769	2,670	425
Receivables	1,417	78,326	735	3,919
Securities, cash and cash equivalents	0	3	11	0
Loss carryforward	54,581	0	52,958	0
Hybrid capital	313	0	0	0
Untaxed reserves	288	1,053	45	59
Provisions	18,973	6,440	13,328	0
Liabilities	84,099	8,395	28,335	1,446
	178,995	**183,733**	**104,806**	**86,638**
Tax credits with the same tax authority	(142,610)	(142,610)	(52,867)	(52,867)
Net deferred tax assets and liabilities	**36,385**	**41,123**	**51,939**	**33,771**

The change in consolidation scope created by Constantia Aloform GmbH's acquisition of a Swiss operating facility of Alupack GmbH led to an increase in deferred tax liabilities in the amount of €590 thousand (previous year: €2,809 thousand in connection with AMAG).

The table presented above does not include deferred tax assets and liabilities from companies classified as discontinued operations pursuant to IFRS 5. The impact of these deferred taxes in the current reporting period totals €1,344 thousand and involves Danapak Flexibles A/S exclusively.

Fair values were adjusted in conjunction with the final purchase price allocation for the AMAG Group. These adjustments also affected deferred taxes, which are depicted in the table above (see also "Adjusted consolidated balance sheet and income statement"). The impact of these adjustments was a €9,054 thousand decrease in deferred tax liabilities.

K. Segment reporting

Business segments

2008 in € thousands	Flexible Packaging	Corrugated Board	Aluminum	Total	Holding reconciliation	Group
Sales						
Consolidated sales	1,025,730	333,498	721,619	2,080,847	0	2,080,847
Internal sales	25	1,052	60,314	61,391	(61,391)	0
	1,025,755	**334,550**	**781,933**	**2,142,238**	**(61,391)**	**2,080,847**
Income						
Earnings before interest and taxes	88,126	29,700	80,177	198,003	(21,201)	176,802
Income from equity affiliate		223		223		223
Net interest income (expense)						(28,745)
Other financial income (expense)						(14,716)
Net financial income (expense)						**(43,238)**
Earnings before tax						**133,564**
Income tax						(34,393)
Net income after tax						**99,171**
attributable to						
Equity holders of the parent						75,047
Minority interests						24,124
Balance sheet						
Segment assets	892,696	254,470	1,107,168	2,254,334	(184,010)	2,070,324
thereof shares in associated companies		36,508		36,508		36,508
Segment liabilities	592,109	171,047	504,918	1,268,074	(8,846)	1,259,228
Other information						
Depreciation and impairment	50,329	18,286	44,097	112,712	450	113,162
thereof impairment	0	0	0	0	0	0
Capital expenditures	71,034	19,913	34,049	124,996	238	125,234
Employees	4,600	2,434	1,171	8,205	36	8,241

2007 in € thousands	Flexible Packaging	Corrugated Board	Aluminum	Total	Holding reconciliation	Group
Sales						
Consolidated sales	1,028,572	326,673	210,558	1,565,803	0	1,565,803
Internal sales	0	1,062	13,312	14,374	(14,374)	0
	1,028,572	**327,735**	**223,870**	**1,580,177**	**(14,374)**	**1,565,803**
Income						
Earnings before interest and taxes	79,855	29,084	33,357	142,296	7,419	149,715
Income from equity affiliate					23,462	23,462
Net interest income (expense)						(26,455)
Other financial income (expense)						(3,311)
Net financial income (expense)						**(6,304)**
Earnings before tax						**143,411**
Income tax						(32,630)
Net income after tax						**110,781**
attributable to						
Equity holders of the parent						90,948
Minority interests						19,833
Balance sheet						
Segment assets	1,000,774	228,493	941,473	2,170,740	(311,401)	1,859,339
thereof shares in associated companies	0	0	0	0	0	0
Segment liabilities	703,604	150,613	449,823	1,304,040	39,243	1,343,283
Other information						
Depreciation and impairment	63,050	17,836	12,109	92,995	429	93,424
thereof impairment	12,690	0	0	12,690	0	12,690
Capital expenditures	72,000	21,476	9,872	103,348	485	103,833
Employees	4,518	2,520	1,281	8,319	35	8,354

In addition to the final purchase price allocation for AMAG, a transfer from EBIT to other financial income at AMAG was recognized in the 2007 segment reporting, which results from the presentation of an intra-Group transaction.

Geographic segments

2008 in € thousands	Austrian sites	Rest of Europe sites	Other sites	Total	Reconciliation	Group
Sales						
Austrian market	179,698	18,184	149,630	347,512	(149,630)	197,882
European market	746,314	802,586	14	1,548,914	(1)	1,548,913
Other markets	206,663	85,188	50,926	342,777	(8,725)	334,052
	1,132,675	**905,958**	**200,570**	**2,239,203**	**(158,356)**	**2,080,847**
Income						
Earnings before interest and taxes	99,098	82,829	(4,097)	177,830	(1,028)	176,802
Balance sheet						
Segment assets	1,642,986	335,173	316,852	2,295,011	(224,687)	2,070,324
thereof shares in associated companies		36,508		36,508		36,508
Segment liabilities	854,513	259,264	176,223	1,290,000	(30,772)	1,259,228
Other information						
Capital expenditures	50,319	66,597	8,318	125,234	0	125,234

2007 in € thousands	Austrian sites	Rest of Europe sites	Other sites	Total	Reconciliation	Group
Sales						
Austrian market	337,644	22,121	40,680	400,445	(248,158)	152,287
European market	400,850	924,941	151	1,325,942	(122,298)	1,203,644
Other markets	81,901	81,723	57,804	221,428	(11,556)	209,872
	820,395	**1,028,785**	**98,635**	**1,947,815**	**(382,012)**	**1,565,803**
Income						
Earnings before interest and taxes	57,895	81,589	(4,997)	134,487	15,228	149,715
Balance sheet						
Segment assets	859,993	663,357	278,701	1,802,051	57,288	1,859,339
thereof associated companies	0	0	0	0	0	0
Segment liabilities	681,020	494,186	166,591	1,341,797	1,486	1,343,283
Other information						
Capital expenditures	40,702	57,600	5,531	103,833	0	103,833

M. Notes to consolidated cash flow statement

The cash flow statement shows changes in the Group's funds from cash inflows and outflows over the course of the year. It is prepared using the indirect method and classifies payments into operating, investing and financing activities.

The liquidity shown in the cash flow statement includes cash in hand and financial instruments with a maximum maturity of three months from time of purchase and reflects the funds shown under the position cash and cash equivalents.

Acquisition of subsidiaries

In 2008, cash flow from the acquisition of subsidiaries totaling €6,669 thousand pertains exclusively to the Flexible Packaging segment's acquisition of a 70% equity interest in Constantia Aloform GmbH, which is based in Werdohl, Germany.

In 2007, cash flow from the acquisition of subsidiaries pertains to the Flexible Packaging segment's acquisition of a 70% stake in Hueck Folien GmbH & Co. KG, Germany, in the amount of €55,300 thousand and a 60% equity investment in Novis Casa de Editura si Tipografia S.R.L., Romania in the amount of €3,256 thousand. It also applies to the Aluminum segment's purchase of the 45.9% stake in Austria Metall AG for €223,705 thousand.

The acquisition of Austria Metall AG, Austria, for €223,705 thousand in September 2007 gave rise to negative goodwill totaling €31,029 thousand based on a provisional fair value measurement at the time of the acquisition. Following the final fair value determination, this negative goodwill was reduced to €15,089 thousand. The relevant figures for the previous year were adjusted accordingly (see section D: Acquisitions and other changes in the scope of consolidation).

€ thousands	2008	2007
Non-current assets	(10,741)	(561,964)
Current assets	(12,225)	(616,178)
Liabilities and provisions	17,289	641,394
Assets acquired	(5,677)	(536,748)
Cash and cash equivalents	215	101,042
Negative goodwill	0	15,089
Goodwill	(3,878)	(8,806)
Change in minority interests	2,671	125,006
Change in limited partnership interest	0	20,067
	(6,669)	**(284,350)**
Payment on AMAG earn-out obligations	0	28,130
AMAG equity investment purchase price	0	75,000
Change in purchase price obligations	(27,659)	(1,822)
Net cash flow	**(34,328)**	**(183,042)**

Acquisition of minority interests

In 2008, cash flow from the acquisition of minority interests pertains mainly to the June purchase from the Smurfit Kappa Group of the remaining 40% minority interest in Duropack AG. With this €55 million acquisition, Constantia Packaging AG now owns all shares in Duropack AG. The remaining minority interest acquisitions totaling €0.8 million involved the Corrugated Board segment's share purchases in Duropack Trakia-Papir AD, Duropack Turpak Obaly a.s. and Duropack Kruševac A.D.

In 2007, this item pertained mainly to the acquisition of additional shares in Duropack Kruševac A.D. and Duropack Trakia-Papir AD.

Payments for other financial investments

Ihis cash flow statement item pertains mainly to Duropack AG's acquisition of shares in Belisce d.d. The cost of the shares (including ancillary costs) totaled €37,349 thousand. Belisce d.d. Group is listed on the Zagreb Stock Exchange (Croatia) and is that country's leading producer of paper and plastic packaging. The investment in Belisce d.d. is recognized in the consolidated financial statements as an associated company pursuant to IAS 28.

Disposals of subsidiaries

Cash flow from disposals involved the following disposals from Constantia Packaging AG's scope of consolidation.

In January, the Flexible Packaging segment sold all its shares in H&N Sport GmbH, a manufacturer of high-precision air gun pellets and bullets for sports rifles and muzzle loaders, with annual sales of €6.0 million.

In April, all shares in Chicago-based Multifilm Inc. were sold as part of a management buy-out. The company processes and produces polymer films for the confectionery industry and has annual sales of €7.5 million.

As part of its portfolio streamlining, the Flexible Packaging segment disposed of all its shares in Danapak Flexibles (UK) Ltd. after receiving authorization from the competition authorities in May. The company processes polymer films for the food industry and has annual sales of €14.7 million (see Section D. Acquisitions and other changes in the scope of consolidation).

€ thousands	2008
Non-current assets	1,773
Current assets	9,168
Liabilities and provisions	(8,257)
Disposed assets	2,684
Cash and cash equivalents	(700)
Net gain/loss on disposal	2,631
Change in minority interests	(63)
	4,552
Net cash flow	**4,552**

Other notes to the consolidated cash flow statement

In 2008, "Other non-cash (income)/expenses including changes recognized directly in equity in the cash flow hedging reserve (IAS 39)" includes mainly changes in inventory, changes recognized directly in equity in the cash flow hedging reserve pursuant to IAS 39, and impairment losses of financial assets not attributable to investing activities.

In 2007, this item also included the negative goodwill impact from the acquisition of Austria Metall AG, Austria.

N. Financial instruments

Risk management strategies

Constantia Packaging is subject to risks with respect to its assets, liabilities and planned transactions arising from changes to exchange rates, interest rates and stock market prices. The methods for managing these risks is set forth in Group-wide guidelines. The goal of financial risk management is to limit these market risks through continuous operating and finance-oriented activities. Derivative financial instruments are used only as hedging instruments.

Foreign currency risks

Foreign currency risk arises from the impact of exchange rate fluctuations on valuations of financial instruments. The Group uses currency forwards and options to hedge foreign exchange risk related to cash flow from operating activities (cash flow hedge). The fair value of assets and liabilities reported in the balance sheet is hedged by currency forwards and options (fair value hedge).

The transaction risk is calculated for each individual foreign currency. Foreign currency receivables and liabilities arising from transactions recognized in the balance sheet at the time that the contract is concluded are recognized, as are certain off-balance sheet items, including recurring operating transactions (future planned materials purchases and sales proceeds).

The Constantia Packaging Group is exposed to foreign currency risks globally through its foreign operations, production facilities and sales. Given the Constantia Packaging Group's decentralized organizational structure, raw materials supplies are normally made in local currencies. Similarly, Group invoices are mainly billed in respective local currencies, which results in a closed currency position and a significant decrease in identifiable currency risk. For positions that cannot be closed through a matching transaction (natural hedge), resulting overhangs are hedged through currency forwards and options corresponding to the risk position and horizon.

Primary financial instruments, which include trade accounts receivable and payable, financial receivables and liabilities and securities, reflected the following currency positions on the balance sheet date:

	12/31/2008			12/31/2007		
	Currency	in € thous.	Share	Currency	in € thous.	Share
Primary financial instrument assets	EUR	253,582	70.1%	EUR	235,859	56.9%
	USD	58,462	16.2%	USD	122,417	29.5%
	CAD	3,396	0.9%	CAD	191	0.0%
	CZK	8,333	2.3%	CZK	11,139	2.7%
	GBP	5,919	1.6%	GBP	9,151	2.2%
	PLN	4,894	1.4%	PLN	6,007	1.4%
	SKK	3,521	1.0%	SKK	5,072	1.2%
	BGN	4,973	1.4%	BGN	4,708	1.1%
	DKK	5,220	1.4%	DKK	6,411	1.5%
	HUF	2,260	0.6%	HUF	2,856	0.7%
	RSD	3,846	1.1%	RSD	3,475	0.8%
	CHF	381	0.1%	CHF	598	0.1%
	Other	6,904	1.9%	Other	6,409	1.5%
		361,691	**100.0%**		**414,293**	**100.0%**

	12/31/2008			12/31/2007		
	Currency	in € thous.	Share	Currency	in € thous.	Share
Primary financial instrument liabilities	EUR	571,986	77.8%	EUR	802,182	83.2%
	DKK	15,735	2.1%	DKK	12,780	1.3%
	USD	100,193	13.7%	USD	117,197	12.2%
	PLN	15,302	2.1%	PLN	11,502	1.2%
	CZK	3,686	0.5%	CZK	6,648	0.7%
	GBP	1,377	0.2%	GBP	2,219	0.2%
	HUF	1,625	0.2%	HUF	2,904	0.3%
	BGN	677	0.1%	BGN	810	0.1%
	SKK	1,271	0.2%	SKK	1,329	0.1%
	RSD	213	0.0%	RSD	374	0.0%
	CHF	899	0.1%	CHF	37	0.0%
	CAD	18,351	2.5%	CAD	129	0.0%
	Other	3,919	0.5%	Other	6,088	0.6%
		735,234	**100.0%**		**964,199**	**100.0%**

Liquidity risk

Liquidity risk is the risk of not being able to raise funds when necessary to settle financial obligations. To cover this risk, the Group ensures that sufficient liquid funds are available or that the necessary financing can be obtained through existing borrowing facilities.

Liquidity risks are determined through the Group-wide liquidity planning implemented on a currency-by-currency basis. Based on these results, capital measures are planned for the Group companies, sub-groups and the Constantia Packaging Group.

In order to minimize the liquidity risk, the Constantia Packaging Group has committed credit lines amounting to €101 million and an additional guaranteed credit line of $230 million.

Credit risk

Credit risk, or the risk of delayed payments by a contractual partner, is controlled by the use of credit checks, credit limits and routine audits. Where possible, the Group receives export guarantees from the State or similar private institutions in order to reduce the risk of payment default. Credit risk, in conjunction with investments in liquid funds and securities, is limited by the Group only working with financial partners of excellent financial standing.

On the assets side, the reported amounts of primary financial instruments represent both the maximum credit and maximum default risk.

Impairments are recognized for all identified risks where management is of the opinion that no other credit risks will arise.

Interest rate risk

Interest rate risk is comprised of net interest earnings at risk and value at risk. Interest rate risk cannot be eliminated, since net interest earnings at risk and value at risk are interdependent. Value at risk affects the market value of the Group's interest-bearing financial instruments and investments, while net interest earnings at risk affects its interest expense and income.

As of the balance sheet date, the Group had interest rate swaps that qualified as cash flow hedges denominated in euros and U.S. dollars as well as interest rate caps denominated in euros. Constantia Packaging AG pays a fixed interest rate on the face value of the swap and in return receives variable interest rates on the same capital amount. The interest rate swaps offset the impact on cash flows of underlying variable-rate financial liabilities caused by future changes in interest rates. The interest rate swaps are recognized on the balance sheet at fair value. Changes in the fair value of interest rate swaps classified as cash flow hedges are recognized directly in equity under hedging reserves. When interest payments begin on the transaction underlying the hedge, there is a reclassification from the hedging reserve in equity to recognition in the income statement under net interest income.

Interest rate caps place a ceiling on net interest earnings at risk. If interest rates rise to a level above the cap, an offsetting payment is received from a counterparty. Changes in the fair value of interest rate caps classified as cash flow hedges are recognized directly in equity in the hedging reserve.

Weighted interest rates broke down as follows as of the balance sheet date:

Interest rate summary as of 12/31/2008					
Position	**Type**	**Average**	**Bank accounts**	**Current**	**Non-current**
Deposits	Fixed	3.50%	–	–	3.50%
	Variable	2.00%	1.63%	4.49%	–
	Average	**2.07%**			
Financial liabilities	Fixed	3.54%	–	–	3.54%
	Variable	3.95%	4.19%	3.64%	4.11%
	Average	**3.76%**			
Total net financial liabilities	**Total**	**3.95%**			

Interest rate summary as of 12/31/2007					
Position	**Type**	**Average**	**Bank accounts**	**Current**	**Non-current**
Deposits	Fixed	3.56%	–	3.56%	–
	Variable	3.25%	3.10%	4.12%	–
	Average	**3.26%**			
Financial liabilities	Fixed	3.65%	–	4.19%	3.82%
	Variable	4.66%	5.18%	4.98%	3.12%
	Average	**4.03%**			
Total net financial liabilities	**Total**	**4.15%**			

The average interest rate paid on debt fell from 4.15% in 2007 to 3.95% last year.

The above interest rate summary as of 12/31/2007 is presented differently from the table used in last year's report. Liabilities from bank accounts (5.18%) and current liabilities (4.98%) correspond to the weighted interest rate of current liabilities (5.01%) presented in last year's report.

Commodity price risk

In conducting its business activities, Constantia Packaging AG is exposed to commodity price risk from aluminum. This risk is based on the fact that Constantia Packaging Group produces and processes aluminum. Aluminum production gives rise to price risks, which are mitigated through the use of derivative instruments. Risks also arise from aluminum processing, as aluminum-based metals (e.g. scrap) are purchased and then sold after they have been processed. The related purchasing and sales risks are mitigated through hedging instruments.

The price-change risk for commodities listed on the London Metal Exchange (LME) is hedged through commonly used commodity forwards and commodity options. Hedges of future cash flows through aluminum production are classified as cash flow hedges. Inventory hedges are classified as fair value hedges in accordance with IFRS criteria. Under the current regulations in effect, derivates classified as held for trading may not be designated as cash flow or fair value hedges, but nevertheless serve to hedge the Group's economic risk.

In light of the long risk horizon in some cases, these derivatives have maturities through 2013.

For commodity price hedging, the same principle applies that derivatives may only be used if they can be clearly defined and measured.

Sensitivity analysis

For a 10% change in the value of the euro against the U.S. dollar on December 31, 2008, the corresponding impact on net financial liabilities would be €6.8 million (2007: €6.6 million) in either direction. For a 10% change in the value of the euro against other currencies on December 31, 2008, the corresponding impact on financial liabilities would be €8.5 million (2007: €8.1 million) in either direction.

A 1% rise in interest rates in the euro zone would result in a €1.5 million increase (2007: €2.3 million) in net interest expense for euro-denominated variable-rate financial instruments. A 1% rise in U.S. interest rates would result in a €0.7 million increase (2007: €0.04 million) in net interest expense for USD-denominated variable-rate financial instruments.

A 10% drop in listed aluminum prices on the LME would result in a €6.0 million decrease (2007: €8.1 million) in inventory valuations.

Sensitivity analysis as of 12/31/2008 in € thousands

Exchange rate risks	Change	EUR	USD	Other	Total
Change in net financial liabilities due to change in exchange rates of	10%	0	(6,793)	(1,717)	(8,510)
Interest rate risk	**Change**	**EUR**	**USD**	**Other**	**Total**
Change in net interest expense due to a change in interest rates of	1%	(1,564)	(675)	(137)	(2,376)
Commodity price risk	**Change**			**AL**	**Total**
Change in inventory valuation due to reduction in LME list prices of	10%			(5,970)	(5,970)

Sensitivity analysis as of 12/31/2007 in € thousands

Exchange rate risks	Change	EUR	USD	Other	Total
Change in net financial liabilities due to change in exchange rates of	10%	0	(6,598)	(1,531)	(8,129)
Interest rate risk	**Change**	**EUR**	**USD**	**Other**	**Total**
Change in net interest expense due to a change in interest rates of	1%	(2,325)	(37)	(169)	(2,532)
Commodity price risk	**Change**			**AL**	**Total**
Change in inventory valuation due to reduction in LME list prices of	10%			(8,056)	(8,056)

Primary financial instruments

The inventory of primary financial instruments can be seen directly in the balance sheet and accompanying notes.

Cash and cash equivalents

Carrying amounts correspond approximately to fair values.

Securities included in non-current and current assets

The fair value of publicly-traded securities is based on their current market prices. All securities held by the Group are classified as available-for-sale assets and valued at market price as of the balance sheet date.

As of the balance sheet date, non-current and current securities were classified as follows:

Carrying amount in € thousands	12/31/2008	12/31/2007
Fund shares	5,737	1,290
Corporate debt	0	5,006
Equities	2,698	2,578
	8,435	**8,874**

In 2008, a securities position of Drukkerij Verstraete N.V. with a carrying amount of €4,387 thousand at year-end was reclassified from company debt instrument to fund shares. This change reflected the proper disclosure for 2008.

Derivative financial instruments

Only standard market instruments with sufficient liquidity are used for this purpose.

Cash flow hedges

Currency derivatives are used to hedge future cash flows on provisional and anticipated foreign currency transactions.

Commodity derivatives are also used to hedge commodity price risks (aluminum) from anticipated transactions whose occurrence is considered highly likely.

EUR- and USD-denominated interest rate swaps are used to hedge interest rate risk. The positive fair value of derivatives is the result of interest rate changes after the derivatives were contracted.

Fair value hedges

Currency forwards were used to hedge the currency risk on foreign currency receivables and recorded as fair value hedges. Fair value changes in these currency derivatives are recognized through profit and loss.

Trading

Commodity derivatives (aluminum) that do not meet the conditions for hedge accounting pursuant to IAS 39 with regard to documentation and effectiveness, are classified as trading derivatives. Changes in fair value of these derivative financial instruments are recognized through profit and loss.

Derivatives qualifying as cash flow hedges and recognized in the hedging reserve were as follows:

Cash flow hedges	Currency or Commodity		Nominal value[1] 12/31/2008	Market value in € thous. 12/31/2008	Nominal value[1] 12/31/2007	Market value in € thous. 12/31/2007
Currency derivatives						
Forwards	USD	Sale	154,056	(2,591)	54,000	1,043
	GBP	Sale	0	0	900	23
	EUR	Sale	8,706	120	0	0
	CAD	Buy	56,360	(2,910)	38,460	(894)
	CHF	Buy	6,583	126	0	0
	EUR	Buy	0	0	5,640	(12)
	USD	Buy	12,780	(153)	10,380	(772)
Currency options	USD	Put	1,000	(41)	4,200	87
	GBP	Put	240	2	0	0
Commodity derivatives						
Forward contracts	AL	Sale	90,500	11,324	163,275	(83,978)
	AL	Buy	40,000	(34,374)	32,500	(7,937)
Options	AL	Sale	0	28,776	0	917
Embedded derivative	AL	Sale	N/A	8,318	0	0
Interest rate derivatives						
Swaps	EUR		57,000	(733)	50,000	2,563
	USD		85,000	(2,359)	95,000	(485)
Caps	EUR		1,313	2	0	0
				5,507		**(89,445)**

1) Nominal values for currencies reported in thousands, for commodities in metric tons of aluminum.

Derivatives qualifying as fair value or trading hedges and recognized through profit and loss:

Fair Value Hedges	Currency or Commodity		Nominal value[1] 12/31/2008	Market value in € thous. 12/31/2008	Nominal value[1] 12/31/2007	Market value in € thous. 12/31/2007
FAIR VALUE HEDGES						
Currency derivatives						
Forwards	USD	Sale	2,970	(147)	1,810	46
	USD	Buy	0	0	800	(19)
Commodity-Derivate						
Forwards	AL	Sale	42,690	12,749	40,000	6,564
	AL	Buy	42,025	(25,748)	34,302	(796)
Hedged binding commitment	AL	Sale	41,525	25,404	34,302	791
	AL	Buy	890	4	0	0
				12,262		**6,586**
HELD FOR TRADING						
Currency derivatives						
Forwards	CHF	Buy	855	36	0	0
	EUR	Buy	4,522	118	0	0
	GBP	Sale	1,425	86	1,050	35
	JPY	Sale	67,000	17	10,000	1
	SEK	Sale	800	3	800	1
	USD	Sale	61,148	635	80,433	476
	CHF	Sale	200	(6)	450	(12)
	NOK	Sale	2,300	13	4,720	(6)
	DKK	Sale	6,000	0	0	0
	USD	Buy	19,191	(1,080)	40,445	588
Currency options	USD	Call	12,800	(547)	0	0
	CAD	Call	1,000	(103)	0	0
	USD	Put	30,700	1,189	0	0
	CAD	Put	0	0	2,000	16
Commodity derivatives						
Forwards	AL	Buy	255,742	(167,566)	232,673	(32,875)
	AL	Sale	255,700	190,553	232,655	31,576
Options	AL	Call	0	5,239	0	0
Embedded derivatives	USD	Sale	N/A	(952)	N/A	(8,592)
Interest rate derivatives						
Interest cap	EUR	Buy	0	0	1,688	22
				27,635		**(8,770)**

1) Nominal values for currencies reported in thousands, for commodities in metric tons of aluminum.

Nominal values correspond to the total underlying amount of all derivative purchase and sale transactions, and commodity derivatives are stated in metric tons per transaction currency.

Market values are derived from the trading amounts of the underlying financial transactions as of the balance sheet date. Market values of commodity derivatives are based on the LME's official listed aluminum prices as of the balance sheet date. Fair values of currency futures are calculated on the basis of future prices as of the balance sheet date. Standard option pricing models are used to determine the value of currency options. The fair value of interest rate swaps is determined by discounting future expected cash flows, based on market interest rates for the remaining term of the contract. Term periods are typically based on the term of the underlying transaction. Maturities on currency derivatives extend to 2014, while those on commodity and interest rate derivatives extend to 2013 and 2015, respectively.

Additional information about financial instruments pursuant to IFRS 7

Carrying amounts, valuations and fair values based on measurement categories:

€ thousands	Carrying amount 12/31/2008	Fair-Value-Hedge	Cash-flow-Hedge	Held to Maturity	Held for Trading	Available for Sale	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Financial instruments not classified under IFRS 7	Fair Value 12/31/2008
Assets											
Other non-current assets and financial assets (incl. associated companies)	136,639	9,858	51,028	6,927	13,328	11,401	2,160	0	0	41,937	94,046
Trade accounts receivable	231,772	0	0	0	0	0	231,772	0	0	0	231,772
Other receivables	261,554	26,994	53,934	0	124,556	0	30,578	0	0	25,492	261,554
Cash, cash equivalents and securities	61,587	0	0	387	1	4,000	0	57,199	0	0	61,587
Total assets	**691,552**	**36,852**	**104,962**	**7,314**	**137,885**	**15,401**	**264,510**	**57,199**	**0**	**67,429**	**648,959**
Shareholders' equity and liabilities											
Non-current liabilities	453,254	0	37,217	0	20,839	0	0	0	393,539	1,659	351,270
Current financial liabilities	415,188	24,590	62,238	0	89,408	0	0	0	175,942	63,010	415,188
Trade accounts payable	128,688	0	0	0	0	0	0	0	128,688	0	128,688
Total shareholders' equity and liabilities	**997,130**	**24,590**	**99,455**	**0**	**110,247**	**0**	**0**	**0**	**698,169**	**64,669**	**895,146**

€ thousands	Carrying amount 12/31/2007	Fair-Value-Hedge	Cash-flow-Hedge	Held to Maturity	Held for Trading	Available for Sale	Loans and receivables	Other financial liabilities	Fair Value 12/31/2007
Assets									
Other non-current assets and financial assets (incl. associated companies)	27,958	0	0	0	0	12,958	15,000	0	27,958
Trade accounts receivable	256,621	0	0	0	0	0	256,621	0	256,621
Other receivables	98,836	8,996	11,007	0	35,554	0	43,279	0	98,836
Cash, cash equivalents and securities	86,434	0	0	0	0	5,327	81,107	0	86,434
Total assets	**469,849**	**8,996**	**11,007**	**0**	**35,554**	**18,285**	**396,007**	**0**	**469,849**
Shareholders' equity and liabilities									
Non-current liabilities	475,076	0	46,484	0	8,592	0	0	420,000	475,076
Current financial liabilities	492,165	2,410	53,968	0	35,732	0	0	400,055	492,165
Trade accounts payable	144,144	0	0	0	0	0	0	144,144	144,144
Total shareholders' equity and liabilities	**1,111,385**	**2,410**	**100,452**	**0**	**44,324**	**0**	**0**	**964,199**	**1,111,385**

Cash and cash equivalents, securities, trade accounts receivable and other receivables normally have short maturities and their carrying amounts as of the balance sheet date correspond broadly with fair value. Financial instruments not classified pursuant to IFRS 7 and other financial instruments include financial instruments recognized at fair value along with others measured at their amortized cost.

Fair values of other non-current receivables and financial investments held to maturity, where maturity is in more than one year, correspond with the present value of payments due on the assets, taking into account current interest rate parameters which reflect market and partner-based changes to conditions and expectations.

Trade accounts payable and other current liabilities mainly have short maturities of under one year; values shown correspond broadly with fair values.

Fair values of unlisted bonds, liabilities to banks and other financial liabilities are determined as the present value of payments relating to the debt, taking into account relevant applicable yield curves.

Net gains and losses by measurement categories

€ thousands	Net gain or loss on financial instruments
Held for trading	5,812
Available for sale	1,452
Receivables and credits	(14,624)
Total	**(7,360)**

Net financial income includes dividend proceeds but not the proportionate share of income from associated companies or interest expense or income. The reported amount of net income from financial instruments includes impairment losses and reversals, income and expenses from currency translation, gains or losses on disposals and other changes in financial instruments recognized through profit and loss.

In 2008, impairment losses totaling €2,465 thousand (previous year: €1,766 thousand) were recorded on financial assets. In non-current assets, an €8,000 thousand impairment loss (previous year: €0) was recorded on a shareholder loan to Danapak Flexibles A/S, Denmark.

Impairment losses were recorded on trade accounts receivable in the amount of €7,369 thousand (previous year: €6,517 thousand) and current other receivables in the amount of €96 thousand (previous year €0). Income and expenses from derivative instruments used to hedge operating risks and whose matching expenses and income are recognized under sales or cost of materials are not included in income from financial instruments.

Maturity of overdue trade accounts receivable:

Maturity of overdue trade accounts receivable in € thousands	2008	2007
Receivables not yet due	**194,939**	**210,345**
Overdue receivables		
Due less than 30 days	31,398	39,723
Due more than 30 days but less than 60 days	9,665	4,990
Due more than 60 days but less than 90 days	3,108	1,696
Due more than 90 days but less than 180 days	3,451	1,160
Due more than 180 days	6,036	5,224
Reclassification to non-current assets held for sale	(9,456)	0
Impairment	(7,369)	(6,517)
Total	**231,772**	**256,621**

Trade accounts receivable that are not yet due refer mainly to receivables from long-term business partners. The measurement of credit quality is made in accordance with internal guidelines of Constantia Packaging AG.

A large part of trade accounts receivable is covered by loan insurance with various insurance providers. These insurance policies include a deductible for any claims made. For such claims, local management uses its discretion to recognize impairment up to the value of the deductible.

O. Contingent liabilities

Litigation

As of the balance sheet date there were no pending lawsuits that could have a material adverse effect on normal business activities, nor were there any significant legal issues which could give rise to such a lawsuit.

Environmental impact

The Duropack Bupak Papírna s.r.o. plant in the Czech Republic contains a depot for inert material from paper production which was used until 1996. Pursuant to regulatory requirements, the site was sanitized to Western standards and is now subject to annual soil measurement controls.

During construction work at the headquarters of Petruzalek GmbH in Vösendorf near Vienna, contaminated soil was discovered from a former heating oil storage depot dating from the Second World War. Public authorities ordered additional test excavations and a large contaminated area was identified which also affects many other companies. Given the dense development in the area, the authorities are not expected to order the clean-up of the site in the foreseeable future, nor is this site likely to present a financial burden for the industrial and commercial operations located in the area. The land was not taken over by the buyer following the sale of Petruzalek GmbH in 2003, and was sold in 2008. The contract expressly disclaims any warranty under civil law, while strict liability under public law – Austrian Water Act (WasserrechtsG), Austrian Waste Management Act (AbfallwirtschaftsG) – remains in effect indefinitely. However, recourse against former owners who did not actively cause the contamination or knowingly abide it, can be excluded with a probability bordering on certainty.

During routine soil examination on the premises of Constantia Colmar Inc., USA, a contamination of the soil with toxic chemicals was determined. The contamination dates back to activities of a third party company on the land about 20 years ago. An “Environmental Indemnification Agreement”, which is a form of liability indemnification agreement, has been concluded with the polluter. The third party company hereby assumes unlimited liability, which indemnifies the landowner from all financial responsibility for damages. Therefore there are no further financial obligations for Constantia Colmar Inc., USA, arising from this damage.

It is not possible at this point in time to quantify total decontamination and environmental clean-up costs.

Other

€ thousands	2008	2007
Warranties and guarantees	39,057	137,622
Discounted bank drafts	3,635	1,382
Other contractual liabilities	19,938	1,007
	62,630	**140,011**

Guarantees and warranties refer mainly to bank guarantees for margin calls to brokers. The decrease in guarantees and warranties was mainly due to the expiration of a subsidiary’s LME broker guarantee.

Until 2016, the previous owners of Drukkerij Verstraete N.V., Belgium, have an option to sell the remaining 49% of the shares in the company to the Group, while the Group has an option to buy the remaining shares between 2006 and 2016. The purchase price is dependent on future earnings, but would amount to at least €16,534 thousand and may not exceed €26,999 thousand. The standstill obligation is not currently recognized as a liability, since the current enterprise value is well above the maximum purchase price, and therefore no current or future financial obligation is anticipated for the Constantia Packaging Group.

The increase in other contractual guarantees is related to the conclusion of customs guarantees.

P. Related party disclosures

Constantia Packaging B.V., registered in Vaassen, the Netherlands, is the main shareholder of the Group. Constantia Packaging B.V. is the majority shareholder of Constantia Privatbank AG, Vienna, and holds 16.55% of the AMAG Group. The Group is headed by Turnauer Industriestiftung registered in Vaduz, Liechtenstein.

Business transactions between affiliates are made under arms-length conditions.

In 2008, sales with the Arla Group amounted to €12,441 thousand (sales volume – previous year: €25,017 thousand); as of the balance sheet date, receivables from the Arla Group amounted to €2,875 thousand (previous year: €2,638 thousand) and liabilities totaled €13,744 thousand (previous year: €13,047 thousand). Receivables from and liabilities to the Arla Group pertain to Danapak Flexibles A/S, and were reclassified as assets and liabilities held for sale.

Sales with the Paverco Group totaled €1,232 thousand (management fees and property leasing – previous year: €1,309 thousand) in 2008; as of the balance sheet date, liabilities to the Paverco Group amounted to €5,116 thousand (previous year: €6,510 thousand).

In 2008, purchases from the Smurfit Kappa Group amounted to €34,407 thousand (previous year: €20,233 thousand), while sales to this same Group totaled €2,183 thousand (previous year: €2,751 thousand). As of the balance sheet date, receivables from the Smurfit Kappa Group amounted to €65 thousand (previous year: €318 thousand) and liabilities to this Group totaled €2,454 thousand (previous year: €1,742 thousand).

Sales with Hueck Folien Ges.m.b.H., Austria, totaled €947 thousand (management fee and real estate leasing) in 2008. As of the balance sheet date, receivables from Hueck Folien Ges.m.b.H. totaled €132 thousand, and liabilities to the company amounted to €9 thousand. All transactions were at arms length.

No loans have been granted either to members of the Executive Board or the Supervisory Board, nor have any guarantees been granted in their favor. With one exception, no other transactions of any kind, particularly purchase contracts for material assets, have been concluded. In the previous year, a public relations consulting agreement was concluded with one member of the Supervisory Board, for which the consulting fee in this reporting year amounted to €15 thousand (previous year: €15 thousand).

Q. Group companies

Name	Head office	Share in percent direct*	Share in percent indirect**
Full consolidation			
AMAG Holding GmbH (formerly Constantia Packaging Management Services GmbH)	Vienna, A	100.0	100.0
Constantia Alumet B.V.	Vaasen, NL	100.0	100.0
Austria Metall AG	Ranshofen, A	12.0	73.5
Constantia Alumet GmbH	Salzburg, A	100.0	100.0
Austria Metall AG	Ranshofen, A	33.8	73.5
Austria Metall AG	Ranshofen, A	27.6	73.5
Aluminum Austria Metall Inc.	Quebec, CAN	100.0	73.5
AMAG industrial services GmbH (merged 07/2008)	Ranshofen, A	100.0	73.5
AMAG service GmbH	Ranshofen, A	100.0	73.5
AMAG treasury GmbH	Ranshofen, A	100.0	73.5
AMAG metal GmbH	Ranshofen, A	100.0	73.5
AMAG casting GmbH	Ranshofen, A	100.0	73.5
AMAG rolling GmbH	Ranshofen, A	100.0	73.5
AMAG France S.A.R.L.	Colmar, F	100.0	73.5
AMAG Benelux B.V.	Vlaardingen, NL	100.0	73.5
AMAG UK Ltd.	Surrey, GB	100.0	73.5
AMAG USA Corp.	Texas, USA	100.0	73.5
AMAG Italia S.R.L.	Milan, IT	100.0	73.5
AMAG Deutschland GmbH	Saarbrücken, D	100.0	100.0
Metallwerk Furth GmbH	Furth, D	100.0	73.5
Austria Metall Deutschland GmbH	Mayen, D	100.0	100.0
AMAG ALUTEAM Extrusion GmbH	Mayen, D	100.0	100.0
AMAG smelter GmbH	Nuremberg, D	100.0	100.0
Constantia Finance Holding GmbH	Vienna, A	100.0	100.0
Constantia Finance GmbH	Vienna, A	100.0	100.0
Thorn Lighting Group Holding GmbH	Dornbirn, A	100.0	100.0
Thorn Europhane S.A.	Madrid, E	100.0	100.0
Thorn Licht GmbH	Lemgo, D	100.0	100.0
Thorn Lighting B.V.	Weinburg, A	100.0	100.0
Thorn Lighting Belgium SA	Liege, B	100.0	100.0
Duropack Aktiengesellschaft	Vienna, A	100.0	100.0
Duropack Bupak Obaly a.s.	České Budějovice, CZ	100.0	100.0
Duropack Bupak Papírna s.r.o.	České Budějovice, CZ	100.0	100.0
Duropack Bupak Service s.r.o.	České Budějovice, CZ	100.0	100.0
Duropack Turpak Obaly a.s.	Martin, SK	98.8	98.8
Duropack Kruševac A.D. (formerly Duropack Dušan Petronijević A.D.)	Kruševac, SCG	90.6	90.6
Duropack Karton d.o.o.	Buzin, HR	100.0	100.0
Duropack Starpack Kft.	Füzesabony, H	100.0	100.0
Duropack Tespack Tovarna embalaze Brestanica d.o.o.	Brestanica, SLO	100.0	100.0
Duropack Trakia-Papir AD (formerly Trakia-Papir AD)	Pazardjik, BG	99.7	99.7
Duropack Wellpappe Ansbach GmbH	Ansbach, D	100.0	100.0

Name	Head office	Share in percent direct*	Share in percent indirect**
Constantia Flexibles Holding GmbH	Weinburg, A	100.0	100.0
H&N Holding GmbH (merged as of 10/2008)	Weinburg, A	100.0	100.0
Constantia Colmar Inc. (formerly H & N Packaging Inc.)	Colmar, USA	100.0	100.0
H&N (Suzhou) Packaging Materials Co. Ltd.	Taicang, RC	100.0	100.0
Constantia Labels GmbH	Heiligenstadt, D	100.0	100.0
Haendler & Natermann GmbH	Hann. Münden, D	90.0	100.0
AVI GmbH, Kunststoff-Verpackungen	Scheden, D	100.0	100.0
GFT repro-studio GmbH	Hann. Münden, D	100.0	100.0
Haendler & Natermann Iberica S.A.	Seville, E	100.0	100.0
Haendler & Natermann Sport GmbH (deconsolidated as of 01/2008)	Hann. Münden, D	100.0	100.0
Haendler et Natermann Benelux N.V.	Waterloo, B	100.0	100.0
Drukkerij Verstraete N.V. Ursel	Knesselare, B	51.0	51.0
Novis Casa de Editura si Tipogerafia S.R.L.	Cluj- Napoca, RO	60.0	60.0
SIM'EDIT SAS	Coueron, F	100.0	100.0
Etipack SARL	Vittel, F	100.0	100.0
Exprim SARL	Ablis, F	100.0	100.0
Printer Labels Inc.	Ontario, USA	80.0	80.0
SIM'EDIT IMPRIMEUR	Coueron, F	99.9	99.9
SCI LHdC	Coueron, F	99.9	99.8
SCI Trois	Coueron, F	99.9	99.8
SIM'Label Inc.	Quebec, CAN	100.0	100.0
Wanfried-Sojus-Polygraphia OOO	St. Petersburg, RUS	100.0	100.0
Haendler & Natermann Packaging Ltd.	St. Petersburg, RUS	74.0	74.0
Rotoflex Technology Inc.	Colmar, USA	100.0	100.0
Haendler & Natermann GmbH	Hann. Münden, D	10.0	100.0
Teich Aktiengesellschaft	Weinburg, A	100.0	100.0
Constantia Color Cap Sp. z.o.o.	Jejkowice, PL	70.0	70.0
Colorcap Aluminium GmbH	Gau-Odernheim, D	100.0	70.0
Constantia Aloform GmbH	Werdohl, D	70.0	70.0
Constantia Imballaggi SRL	Schio, I	90.0	100.0
Constantia Inter Aktiengesellschaft	Baar, CH	100.0	100.0
Alucommerz Aktiengesellschaft	Baar, CH	100.0	100.0
Constantia Emballage France SARL	Versailles, F	100.0	100.0
Constantia Verpackungen Deutschland GmbH	Baldham, D	90.0	100.0
G&A Investments A/S	Kopenhagen, DK	100.0	100.0
Constantia Sittingbourne Ltd. (formerly G&A Healthcare Packaging Ltd.)	Sittingbourne, GB	100.0	100.0
G&A Printers Ltd.	Sittingbourne, GB	100.0	100.0
Jeanne d'Arc Emballages S.A.	Joinville, F	99.3	99.3
Ludwig Nusser GmbH	Wangen, D	100.0	100.0
Multifilm Packaging Corp. (deconslidated as of 04/2008)	Elgin, USA	100.0	100.0
Constantia Packaging AB	Stockholm, S	100.0	100.0
Constantia Packaging Inc.	Barrington, USA	100.0	100.0
Constantia Packaging Ltd.	Girvan, GB	100.0	100.0
Constantia Packaging Sales GmbH	Vienna, A	100.0	100.0
Constantia Patz Ges.m.b.H. (formerly K. Heyer Ges.m.b.H.)	Natschbach-Loipersbach, A	99.5	100.0
Constantia Teich Poland Sp. z.o.o. (formerly Teich Poland Sp. z.o.o.)	Kleszczów, PL	92.0	100.0

Name	Head office	Share in percent direct*	Share in percent indirect**
Danapak Flexibles A/S	Slagelse, DK	48.0	60.0
Constantia (UK) Ltd. (deconsolidated as of 05/2008)	Derby, GB	100.0	60.0
Danapak Flexibles (UK) Ltd. (deconsolidated as of 05/2008)	Derby, GB	100.0	60.0
Teich Aluminium (UK) Ltd. (deconsolidated as of 05/2008)	Derby, GB	100.0	60.0
Teich Flexible Packaging (UK) Ltd. (deconsolidated as of 05/2008)	Derby, GB	100.0	60.0
Teich Packaging Films (UK) Ltd. (deconsolidated as of 05/2008)	Dundee, GB	100.0	60.0
Corona Packaging A/S	Ishoej, DK	100.0	60.0
Teich Russia UnternehmensbeteiligungsgesmbH	Weinburg, A	100.0	100.0
CJSC Constantia KUBAN (formerly Akerlund & Rausing Kuban ZAO)	Timashevsk, RUS	100.0	100.0
Teich Spedition Gesellschaft m.b.H.	Weinburg, A	100.0	100.0
Hueck Folien GmbH & Co KG	Pirk, D	70.0	70.0
HC Beteiligungs GmbH	Pirk, D	100.0	70.0
Hueck Folien SA	Louvain-La-Neuve, B	100.0	70.0
Hueck Foils Holding Co.	Blythewood, USA	100.0	70.0
Constantia Hueck Foils LL.C.	Blythewood, USA	100.0	70.0
Hueck Folien Uruguay SRL	Montevideo, UR	100.0	70.0
Fromm Pharmafolien GmbH	Remshalden-Geradstetten, D	100.0	70.0
Constantia Hueck Foils Ltd.	Marden, GB	100.0	70.0
Hueck Folien Emballages Flexibles SARL	Versailles, F	100.0	70.0
Hueck Folien SRO	Marianske Lazne, CZ	100.0	70.0
Hueck Embalajes Flexibles SA	Buenos Aires, AR	99.0	69.3
Hueck Folien Geschäftsführungs GmbH	Pirk, D	95.0	66.5
Proportional consolidation			
Aluminerie Alouette Inc. (direct shareholder is the fully consolidated Aluminium Austria Metall Inc.)	Quebec, CAN	20.0	14.7
Equity consolidation			
Belisce d.d.	Belisce, HR	24.9	24.9

* from view of direct parent company ** from view of Constantia Packaging AG

R. Other information

Events after the balance sheet date

Danapak Flexibles A/S

On February 27, 2009, Constantia Packaging AG entered into an agreement with the Danish company Arla Foods to sell its 60% interest in the joint venture Danapak Flexibles A/S and at the same time to acquire 100% of the shares in Corona Packaging A/S.

The termination of the joint venture initially established in 2002 reflects the current strategic orientations of both Groups and furthers their respective efforts to focus on core markets. Danapak will obtain the Slagelse and Horsens sites, which are well suited to the needs of the Arla Foods Group. The two sites had a total of 270 employees and generated sales of around €60 million. Meanwhile, Constantia Packaging AG will keep the third site, Corona Packaging A/S. With 30 employees and sales of around €18 million, this site is an excellent location for the Scandinavian region.

The agreements still need to be approved by the competition authorities.

Approval of the consolidated financial statements

The 2008 consolidated financial statements were presented to the audit committee of the Supervisory Board and approved by the Supervisory Board on March 31, 2009. The consolidated financial statements are presented to the Shareholders' General Meeting exclusively for informational purposes.

Company boards

Supervisory Board

Rainer Zellner, Chairman
Guido N. Schmidt-Chiari, Chairman
(through December 23, 2008)
Wolfgang Pfarl, Deputy Chairman
Christine de Castelbajac
Günter Cerha
Alfred Fogarassy
Herbert Krejci
S.D. Michael Prinz von und zu Liechtenstein

Executive Board

Hanno M. Bästlein
Helmut Schwager (through December 31, 2008)

The Executive Board

Dr. Hanno M. Bästlein

Vienna, March 23, 2009

Responsibility Statement of the Executive Board

To the best of our knowledge from a present-day perspective, the 2008 consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union present a true and fair picture of the net worth, financial situation and earnings of Constantia Packaging AG and all Group companies included in the consolidation. The Group Management Report fairly presents the business activities, results and situation of all companies included in the consolidated group, such that an accurate picture of its net worth, financial situation and earnings emerges, and describes the main risks and uncertainties from today's perspective to which it is exposed.

The Executive Board

Dr. Hanno M. Bästlein

Vienna, March 23, 2009

Auditor's Report

Report on the consolidated financial statements

We audited the attached consolidated financial statements of Constantia Packaging AG, Vienna, for the fiscal year from January 1 through December 31 2008. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2008, the consolidated income statement, consolidated equity statement and consolidated cash flow statement for the fiscal year ending December 31, 2008 as well as a summary of the material accounting principles and valuation methods used and other information contained in the Notes.

Responsibility of the statutory representative for the consolidated financial statements

The company's statutory representative is responsible for preparing the consolidated financial statements, which should convey a true and fair view of the net worth, financial situation and earnings of the Group in accordance with International Financial Reporting Standards (IFRS), as applied by the European Union. This responsibility encompasses the presentation, implementation and maintenance of an internal control system to the extent required for the preparation of consolidated financial statements and to convey a true and fair depiction of the Group's net worth, financial situation and earnings so that the financial statements are free of material misstatements, whether intentional or unintentional. This responsibility also extends to the selection and application of suitable accounting principles and valuation methods and the making of estimates which are reasonable under the circumstances.

Responsibility of the auditor

Our duty is to issue an opinion on the consolidated financial statements based on the findings of our audit. We carried out our audit in accordance with statutory provisions in Austria and the International Standards on Auditing (ISA) of the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). These standards require us to abide by professional rules and to plan and conduct the audit in such as manner as to provide reasonable assurance that the consolidated financial statements are free of material misstatements. An audit includes examination of evidence supporting the amounts and disclosures in the consolidated financial statements. It is left to the auditor's professional discretion to determine which auditing activities shall be carried out, taking into account his estimation of the risk of material misstatements due to intentional or unintentional errors. In assessing risk, the auditor considers the internal control system if it is pertinent to the preparation of consolidated financial statements and to conveying a true and fair picture of the Group's net worth, financial situation and earnings. He does so to determine suitable audit procedures for the prevailing situation but not in order to issue an opinion on the effectiveness of the Group's internal control system. The audit also includes an assessment of the accounting principles used and significant estimates made by the statutory representatives, as well as evaluation overall presentation of the consolidated financial statements. We believe that our audit provides sufficient and suitable evidence to provide a reasonable basis for our audit opinion.

Auditor's opinion

Our audit did not raise any objections. Based on the findings of our audit, we believe that the consolidated financial statements are consistent with statutory provisions and presents a true and fair view of the net worth and financial situation of the Group as of December 31, 2008 and of its earnings and cash flows for the fiscal year from January 1 to December 31, 2008 in accordance with International Financial Reporting Standards (IFRS), as applicable in the European Union.

Audit report on the Group Management Report

Under Austrian statutory regulations, the Group Management Report must be examined to determine whether it is consistent with the consolidated financial statements and ensure that the other information in the Group Management Report does not present a misleading picture of the Group's situation. In our opinion, the Group Management Report is consistent with the consolidated financial statements.

Vienna, March 23, 2009

AUDITOR TREUHAND GMBH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Manfred Geritzer Josef Spadinger
Auditors

AUDITOR TREUHAND GMBH is part of

Deloitte.

In the event of publication or distribution of the financial statements in any version that deviates from the audited version, our prior approval is again required before reference can be made to our certification or our audit.

Technical glossary

Alucontainer: Trays and containers made from aluminum or aluminum laminate

Alufoil container systems: Packaging system consisting of trays and sealable lids

Bi-part and continuous casting ingots: Ingots produced in two-part or horizontally continuous casting lines

Cast extrusion (film extrusion): This process uses a heated barrel and screw to melt and mix the polymer resin into a formed die head in which the polymer is formed into film rolls

Cast ingots: Aluminum or aluminum alloy ingots cast in moulds for re-melting in aluminum foundries (die casting, mould casting, sand casting)

Cathode sheet: Sheets made from pure aluminum are placed in electrolysis tank, resulting in the separation of a watery, sulfuric solution of metallic zinc

Clad brazing sheet: Composite material consisting of a core aluminum alloy, clad with a thin alloy that has a lower melting point (for use in heat exchangers)

Closed well furnace/melting furnace: A two-chamber hearth furnace for melting cuttings and recycled contaminated scrap without adding salt

Co-extruded coated lids: Stamped, sealable container lids coated with extruded layers of polymers

Coextrusion: A process that enables the simultaneous application of various polymer coatings in a sandwich construction

Coextrusion facility: A facility in which multiple layer cast film extrusion is performed

Coldform: Laminated material made from OPA, Aluminum and PVC, which is formed cold for packaging drugs

Containerline with a three-color inking unit: Processing machine for large-scale formats with three inking units

Continuous solution annealing furnace for aluminum strip: Continuous solution annealing furnace to adjust certain metallurgical properties of the aluminum strip

Corrugated board displays: Corrugated board sales and presentation displays, typically placed at the point of sale and featuring high-quality printing

Customer-designed specialty films: Made-to-order films for customers that have specific dimensions and/or specific technical functions

Deep drawing: Method of molding containers by stamping the processed reel packaging

Die cutting: Manufacture of lids by running processed, lacquered and printed reel packaging through stamping tools (stamp and die plate)

Embossing: Using an engraved steel cylinder, the lacquered or printed foil is given relief, thereby giving it a specific appearance (e.g. films for wrapping chocolates)

Extruded aluminum: Generic term used to describe products coming out of a heated barrel forced through a die head

Extruder: A machine for pressing solid and viscous materials evenly through a die under high pressure and at high temperature

Extrusion: A manufacturing process for single and multi-layer films (made from polystyrene and polypropylene) according to specific formulations with precisely defined properties

Extrusion coating: Application of a melted polymer as a film to the base material; used as sealing layer for various kinds of lidding material. The sealing layer can be adapted to the type of polymer used for the cup by selecting the corresponding granulates

Extrusion lines: The machinery used to manufacture rods, sheet and tube products

Extrusion plant: Plant where extruded products are manufactured

Extrusion plants: Manufacturing facility to produce extruded sections

Flexography: Also known as flexographic printing, it is a direct, high-pressure, relief printing process on a rotary web press. It is used for packaging materials such as polymers, paper, paperboard and corrugated board; other applications include adhesive films, insulating paper, carbon-backed paper, paper napkins and wallpaper

Flow packs: Polymer packaging made from both single and multiple layered films for packaging candy and other food products

Gravure printing: Foils and laminates are printed with engraved steel core cylinders and solvent-based inks. The design is engraved into a copper layer on the cylinders

Heat-treatable plates: Aluminum plates whose increased hardness is achieved through special thermal processing

Heat-treating capacity: Maximum volume (throughput) of a heat treatment facility for rolls, plates or sheets

Homogenization furnace: Type of furnace used to produce a homogenized texture through annealing

Hot-rolling modeling: Computer simulation of hot rolling to determine the end result prior to the actual rolling process

Horizontal heat-treatment furnace: Non-continuous, multizone furnace in rolling mill, used for solution annealing of heat-treated plates

In-mould labels: A pre-printed polypropylene label is placed in a mould that already has the form of the end product and into which the molten polypropylene is added. It fuses with the label and takes the shape of the mould while curing

Lacquering: Priming and preprint preparations or continued conversion of films and thin strips in a multi-lacquering process, for the most part using proprietary heat seal lacquers and print primers. To meet stringent environmental requirements, user-friendly and environmentally safe water-based lacquers are used extensively

Laminating: Laminates (e.g. aluminum/paper or aluminum/polymer) are produced by applying an adhesive on the film material and attaching a second reel material such as aluminum, polymer or paper. Repeating this process with an existing laminate results in multi-layer laminates (e.g. alu/paper/alu). Among other uses, these laminates are used for confectionery packaging

Lean management: Raising awareness as to the importance of minimizing the environmental impact of production among employees and the Group

Lean manufacturing: Resource-efficient production that consists of systematically minimizing waste through continuous improvements in the production process while maximizing customer benefit

Lidding sector: Market segment for container closure systems

Low-salt melting: Melting process for aluminum scrap designed to limit the use of salt

Manufacturing of rolling ingots: Rolling ingots are produced in vertical continuous casting machines

Metallizing: In a high vacuum chamber, a metallized layer is applied on film material by vaporizing aluminum particles. The goal is to enhance the film‘s visual appeal while creating an oxygen and moisture barrier

Multi-colored products: Packaging manufactured with multiple colors

NADCAP (National Aerospace and Defense Contractors Accreditation Program): The leading worldwide cooperative program of major companies designed to manage a cost-effective consensus approach to standardized processes and products and to provide continual improvement within the aerospace and automotive industries

Non-commodity products: A highly specialized product

Offset labels: Labels produced using offset printing

Offset laminated products: Corrugated board packaging whose sides or surfaces initially undergo a high-quality printing process (offset printing) before being laminated onto a front flute or the finished corrugated board

Offset printing: Indirect printing process in which the material being printed does not come into direct contact with the printing plate. Instead the ink pattern is transferred first from the plate cylinder to the blanket cylinder and thenceforth to the printing substrate. One advantage of offset printing is the longer service life of the printing plate, another is the sharp, detailed high-quality images it achieves, even on materials with “rough” surface structures

OPA: Oriented polyamide is an extruded film that is stretched after it has been cooled

OPP: Oriented polypropylene is a flexible material derived from melting and stretching polypropylene

Printed laminates: Printed, coated laminate material (e.g. aluminum, paper, polymer)

Reel cutters: Reel cutters slit the web longitudinally into two or more narrower reels, in order to customize a reel coming off the printing press to the customer's own processing requirements

Roll cutting: Final cutting of the rolled strip in accordance with customer specifications

Rolling: Manufacture of foil through cold rolling for various applications; base material for pre-rolled strip (plate with a thickness of 0.6 mm); The material is either converted in-house or sold to external converters

Rolling ingots and extrusion billets: Vertically cast ingots for use in rolling mills and extrusion plants

Security foil: Security foil with embedded security features

Semi-finished products: Generic term used to describe extruded products

Shrink-sleeve labels for the milk segment: Shrinkable polymer films used for the dairy market

Skimmings: Material composed of intimately mixed aluminum, aluminum oxides and gases, which has been removed from the surface of the molten metal or from the bottom or walls of melting furnaces

Smooth lids: Unembossed lid for sealing of containers

Sleeving: A polymer web first undergoes flexographic or gravure printing before it is formed into a sleeve, which is then fitted over a tube using specialized equipment and shrunk onto a container

Sows: Ordinary cast form for aluminum, suitable for remelting

Specialty rolled products: Rolled products that are distinguished from standard products through a combination of specific properties

Stamped products: Basic version of packaging in flat form (flat blank)

Thermoforming: A manufacturing process to reshape thermopolymer sheet or film and create packaging solutions with sophisticated geometrical designs

UV capacity: Range of products used in ultraviolet printing

UV Flexo printing: Foil material and laminates are printed with photopolymer clichés (flexible printing plates) and UV-curable inks, which are solvent-free and therefore environmentally friendly. The design is printed with raised elements on the cliché that are colored with an anilox roller. Thanks to the high resolution of this process, realistic gravure-quality images can be printed with up to eight colors

Financial glossary

ATX Prime: Benchmark index of Vienna Stock Exchange; it includes all stocks in the Prime Market segment

Backwardation: A futures market condition where the spot price is higher than the futures price

Capital employed: Sum of average equity and net debt (long- and short-term interest-bearing liabilities less cash and marketable securities)

Cash flow: Net cash received over a period of time, and an indicator of a company's solvency

Claim: In marketing, the inherent message of a brand name, an integral component of a corporate identity and the brand's central promise or unique selling proposition

Closing: The time when all conditions in a contract have been met and the asset is transferred from the seller to the buyer

Compliance: Adherence to laws, guidelines and even voluntary codes

Contango: Market situation involving commodity futures where the spot price is lower than the future delivery price

Corporate governance: Rules for the responsible management and control of companies that are set forth in the Austrian Corporate Governance Code; compliance with this code is voluntary

Corporate social responsibility: Term to describe voluntary initiatives on behalf of sustainable corporate governance that may exceed legal requirements and reflect the interests of shareholders

Coverage: Regular reporting on a company's developments by equity analysts

D&O: Directors and Officers, i.e. legally liable members of company boards such as the Executive Board or Supervisory Board, or corporate officers and directors in a limited liability corporation

Derivatives: Financial instruments whose prices depend on actual or expected price changes of underlying instruments

Dividend yield: Ratio of a company's dividend to its stock price, expressed as a percent. It reflects the return on invested capital per share

Earnings per share: Earnings relative to the weighted average number of shares outstanding

E-auctions: Online auctions; call for bids over an Internet business platform; acceptance to the highest bidder

EBIT (Earnings before interest and taxes): A measure of operating income

EBIT margin: EBIT relative to sales

EBITDA (Earnings before interest, taxes, depreciation and amortization): A measure of gross operating income

EBITDA margin: EBITDA relative to sales

EBT (Earnings before taxes): Correspond to the company's net income before taxes

Employees: All workers and salaried personnel who are in a service relationship with Constantia Packaging AG companies (excluding apprentices, contract workers, temporarily absent workers such as those on unpaid leave or recruits)

Equity ratio: The ratio of equity to total assets

Equity investment Companies in which significant influence can be exercised (under IAS 28), but not control (subsidiary) or joint control (joint venture); equity interests are recognized on the consolidated balance sheet in proportion to the investment; their net income is recognized proportionally on the consolidated income statement

Events after the balance sheet date: Updated report on events that occur between the end of the financial year and the establishment of the consolidated financial statements

Gearing: Ratio of net debt (long- and short-term interest-bearing liabilities less cash and cash equivalents and short- and long-term marketable securities) to equity

Global reporting initiative (GRI): Initiative designed to develop globally applicable guidelines for sustainability reporting, and thereby to promote standardized company presentations from a business, environmental and social standpoint

Gross Domestic Product (GDP): A measure of the size of a country's economy over time (typically one year), calculated as the total market value of all final goods and services produced less the value of all intermediate stages of production (value added)

Hedging: Measures used in the management of financial risk to limit or avoid negative market changes in the areas of interest rates, foreign currency, market values or raw materials

IFRS: International Financial Reporting Standards

Income attributable to minority interests: Portion of net income attributable to minority interests. If the value is positive, the proportionate share of the consolidated subsidiary's net loss is added to the parent company's after tax income

ISIN (International Security Identification Number): A reference number for securities

Just-in-time delivery: Method in which goods are delivered only when they are needed for production, which helps to minimize inventory costs

Management Letter: A document addressed to the Executive Board, with recommendations for potential areas for improvement at the company, published by the independent auditor as part of the legally prescribed audit report and opinion

Market capitalization: The number of shares outstanding in a company multiplied by the current stock price

Market maker: Financial market participant, typically a bank or brokerage firm, that maintains a firm bid and ask price for a given security in an order book, thereby ensuring sufficient liquidity

Materials-to-sales ratio: Measures the cost of materials relative to sales

Negative goodwill: A gain occurring when the price paid for an acquisition is less than the fair value of its net assets. Under IFRS 3, the gain is immediately recognized as income

NOPAT: Net operating profit after taxes, or operating income after taxes less interest expense and related taxes (tax impact on net financial expense)

P/E ratio: The price/earnings ratio reflects the current stock price relative to earnings per share, and is a measure of a stock's value on capital markets

Renewal audits: Independent audits to determine whether quality-related activities still meet the stated requirements and, where applicable, renew the quality certification

ROCE: Return on capital employed, or NOPAT divided by Capital Employed; net yield on capital employed

ROE (Return on equity): The ratio of net income to average equity, it measures the profitability of the equity used during the year

Small- and mid-cap segments: Listed companies with small or medium-sized market capitalizations

Specialist: Market participant responsible for placing competitive bid and ask prices for securities during the entire trading period; the specialist smoothes over temporary imbalances in supply and demand, narrows the spread between the cash price and ask price and provides additional support and marketing for listed shares

Stakeholder: Person with a vested interest in the conduct of a company (e.g. shareholder, employee, client, supplier)

Treasury: Company department responsible for finance, market risk management and cash management issues

UGB: Austrian Corporate Code (Unternehmensgesetzbuch). The origin of this code dates back to January 2007, when the former Austrian Commercial Code (Handelsgesetzbuch) was updated and renamed

VBV-Österreichischer Nachhaltigkeits-Index: Stock market index consisting of leading Austrian companies in the areas of social and environmental performance

Working capital: Current assets (including inventories and accounts receivable) less current liabilities (including accounts payable)

Im-print

Publisher:
Constantia Packaging AG
Opernring 17, A-1010 Vienna
T +43 1 588 55 0
F +43 1 588 55 106
ir@constantia-packaging.com
www.constantia-packaging.com
Corporate registry number:
FN 88214 b, Vienna Commercial Registry

Contact:
Veronika Zügel, Communication; Wolfgang Schwaiger, Investor Relations

Conception, Layout, Design and Production:
Schoeller Corporate Communications, 1060 Vienna
www.schoeller-corp.com

Printing:
AV+Astoria Druckzentrum GmbH, 1030 Vienna

Photos:
Executive Board: Shotviews, Peter Rigaud, 1070 Vienna; Imagephotos: Karsten Nowak, 1160 Vienna

Disclaimer: This annual report was prepared with all due care and all information contained therein was reviewed. Rounding, typographical and printing errors may nevertheless appear.

The annual report contains information and forecasts based on the future development of Constantia Packaging Group. The forecasts present estimates based on all available information at the time the annual report was published. Should the assumptions underlying the forecasts turn out to be wrong, actual results may vary.

This annual report is available in English and German. In case of discrepancies, the German text is binding.

Con-tacts

Constantia Packaging

Constantia Packaging AG
Opernring 17, A-1010 Vienna
T +43 1 588 55 0
F +43 1 588 55 106
ir@constantia-packaging.com
www.constantia-packaging.com

AMAG Austria Metall AG

Austria Metall Aktiengesellschaft
P. O. Box 3, A-5282 Ranshofen
T +43 7722 801 0
F +43 7722 658 84
holding@amag.at
www.amag.at

Constantia Duropack

Duropack AG
Brunner Straße 75, A-1230 Vienna
T +43 1 863 00 0
F +43 1 863 00 440
duropack@duropack.co.at
www.duropack.at

Constantia Flexibles

Constantia Flexibles Holding GmbH
Mühlhofen 4, A-3200 Weinburg
T +43 2747 700 0
F +43 2747 843 5
office@constantia-flexibles.com
www.constantia-flexibles.com

PEFC
PEFC/06-39-12

www.constantia-packaging.com