



Financial Report 2005

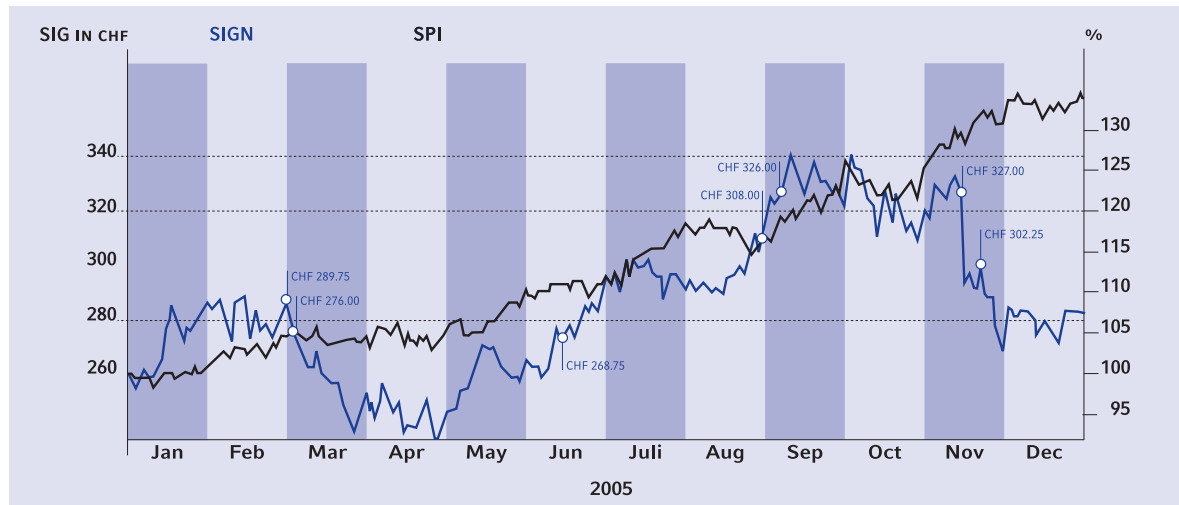




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## Share price development and key events 2005

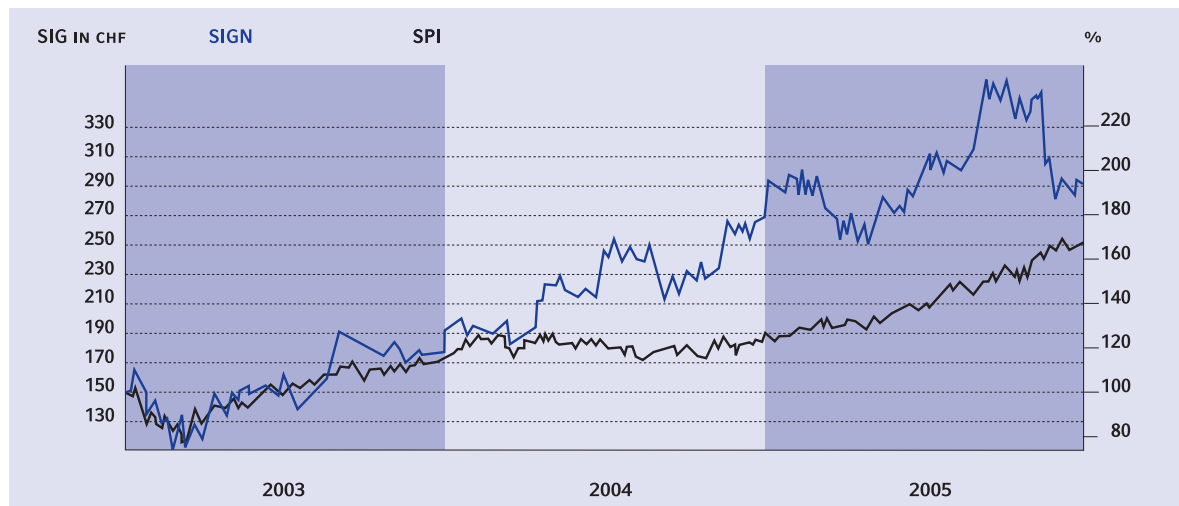


- **02.03.2005**  
Contract signed: SIG sells SIG Simonazzi and SIG Alfa to Tetra Laval Group
- **08.03.2005**  
Publication of Annual Report 2004
- **10.06.2005**  
Contract signed: SIG sells SIG Manzini and SIG Comaco to Catelli Holding SpA
- **30.08.2005**  
Publication of Half-Year Statement 2005
- **02.09.2005**  
Closing of the divestment Simonazzi/Alfa to Tetra Laval Group
- **15.11.2005**  
Reporting on accelerated market growth outside of Europe and greater penetration of segment for food products packages; announcement of changing market situation in Germany
- **22.11.2005**  
Opening of new packaging materials production plant in Riyadh

### SIG Registered

Stock market:	SWX	Beginning of year:	260,0	Performance in 2005	Annual high:	341,0
Currency:	CHF	End of year:	287,0	absolute:	Date annual high:	12.09.2005
Valor	1202249			in %:	Annual low:	241,1
					Date annual low:	29.04.2005

## Share price development 2003 – 2005











## SIG Group

### Changes in equity in EUR million

#### Changes in equity

	Share capital	Additional paid in capital	Retained earnings	Currency differences	Equity attributable to shareholders	Minority interests	Total equity
<b>As at 1/1/2004</b>	<b>40</b>	<b>159</b>	<b>376</b>	<b>-29</b>	<b>546</b>	<b>0</b>	<b>546</b>
Profit / loss			-166		-166	0	-166
Dividend payments <sup>1</sup>			-4		-4	0	-4
Purchase / sale of own shares	0	0	-4		-4	0	-4
Cash flow hedges			0		0		0
Currency translation differences				-5	-5	1	-4
<b>As at 12/31/2004</b>	<b>40</b>	<b>159</b>	<b>202</b>	<b>-34</b>	<b>367</b>	<b>1</b>	<b>368</b>
<b>As at 1/1/2005</b>	<b>40</b>	<b>159</b>	<b>202</b>	<b>-34</b>	<b>367</b>	<b>1</b>	<b>368</b>
Profit / loss			47		47	0	47
Dividend payments <sup>1</sup>			-4		-4	0	-4
Purchase / sale of own shares	0	0	2		2	0	2
Management Participation plan			2		2		2
Cash flow hedges			0		0		0
Currency translation differences				19	19	-1	18
<b>As at 12/31/2005</b>	<b>40</b>	<b>159</b>	<b>249</b>	<b>-15</b>	<b>433</b>	<b>0</b>	<b>433</b>

<sup>1</sup>Dividend per share see page 27

The notes on pages 11 to 24 are an integral part of these consolidated financial statements.

#### Own shares transactions

	2005	2004
Number of registered shares		
<b>Owned as at 1/1</b>	<b>65 699</b>	<b>37 709</b>
Purchases	6 050	28 628
Sales / delivery to management	- 28 423	- 638
<b>Total as at 12/31</b>	<b>43 326</b>	<b>65 699</b>
of which reserved for management participation plan (see note 27)	29 018	50 300

## SIG Group

Notes to the consolidated financial statements in EUR million

Segment information	Continuing			
	SIG Combibloc		SIG Beverages	
	2005	2004	2005	2004
<b>Income statement<sup>1</sup></b>				
Net sales third	1 094	1 072	118	115
Net sales between segments <sup>2</sup>	3	3	7	18
<b>Net sales</b>	<b>1 097</b>	<b>1 075</b>	<b>125</b>	<b>133</b>
Income from associated companies	- 3	0	- 1	0
Other operating income	20	18	10	14
<b>Operating income</b>	<b>1 114</b>	<b>1 093</b>	<b>134</b>	<b>147</b>
Own work capitalized	77	57	0	0
Changes in inventories of finished goods & WIP	- 7	9	- 2	- 1
Raw materials, supplies and services	- 587	- 546	- 55	- 60
Personnel costs	- 202	- 214	- 43	- 46
Other operating expenses	- 220	- 213	- 30	- 34
Operational financial income from third parties	4	3	1	0
<b>Operating profit / loss before depreciation &amp; amortization (EBITDA)</b>	<b>179</b>	<b>189</b>	<b>5</b>	<b>6</b>
Depreciation of property, plant & equipment	- 72	- 63	- 2	- 3
Amortization of intangible assets (without goodwill)	- 21	- 14	- 2	0
<b>Operating profit / loss before goodwill amortization (EBITA)</b>	<b>86</b>	<b>112</b>	<b>1</b>	<b>3</b>
Amortization of goodwill	0	- 1	0	- 97
<b>Operating profit / loss (EBIT)</b>	<b>86</b>	<b>111</b>	<b>1</b>	<b>- 94</b>
<b>Balance sheet<sup>1</sup></b>				
Goodwill	0	0	19	19
Interests in associated companies	12	12	0	1
Long-term loans between segments <sup>3</sup>	0	0	0	0
Other non-current assets <sup>3</sup>	470	421	22	23
Deferred tax assets	4	5	1	0
<b>Total non-current assets</b>	<b>486</b>	<b>438</b>	<b>42</b>	<b>43</b>
Short-term loans between segments <sup>3</sup>	15	28	24	16
Other current assets	298	277	56	62
<b>Total current assets</b>	<b>313</b>	<b>305</b>	<b>80</b>	<b>78</b>
<b>Total assets</b>	<b>799</b>	<b>743</b>	<b>122</b>	<b>121</b>
<b>Equity incl. minority interests</b>	<b>272</b>	<b>257</b>	<b>45</b>	<b>33</b>
Deferred tax liabilities	12	13	3	4
Financial liabilities	305	280	14	29
Other liabilities	210	193	60	55
<b>Total liabilities</b>	<b>527</b>	<b>486</b>	<b>77</b>	<b>88</b>
<b>Total equity and liabilities</b>	<b>799</b>	<b>743</b>	<b>122</b>	<b>121</b>
<b>Additional information</b>				
Net current assets	99	127	7	18
Average capital employed (CE) <sup>4</sup>	535	500	40	88
Return on capital employed (ROCE) <sup>5</sup>	16%	22%	2%	3%

<sup>1</sup>Allocation according to the reported IFRS values of the assigned companies (management consolidation structure).

<sup>2</sup>Internal transfer prices are at fair values

<sup>3</sup>The high values in the segment «Corporate/Services» are the result of the intercompany-financing, as well as the carrying amounts of the investments in the holding companies. These values are offset in the column «Eliminations».

<sup>4</sup>Equity + net financial liabilities, average: (previous year-end value + current year-end value) / 2

<sup>5</sup>EBITA in % of average capital employed

Continuing				SIG Group					
Corporate/Services		Eliminations		Total Continuing <sup>6</sup>		Discontinuing <sup>7</sup>		SIG Group	
2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
0	0	0	0	1 212	1 187	239	507	1 451	1 694
0	0	- 15	- 24	- 5	- 3	5	3	0	0
<b>0</b>	<b>0</b>	<b>- 15</b>	<b>- 24</b>	<b>1 207</b>	<b>1 184</b>	<b>244</b>	<b>510</b>	<b>1 451</b>	<b>1 694</b>
0	0	0	0	- 4	0	0	0	- 4	0
55	55	- 41	- 49	44	38	2	7	46	45
<b>55</b>	<b>55</b>	<b>- 56</b>	<b>- 73</b>	<b>1 247</b>	<b>1 222</b>	<b>246</b>	<b>517</b>	<b>1 493</b>	<b>1 739</b>
0	0	0	0	77	57	0	0	77	57
0	0	0	0	- 9	8	10	10	1	18
0	0	15	24	- 627	- 582	- 155	- 274	- 782	- 856
- 19	- 22	0	0	- 264	- 282	- 59	- 150	- 323	- 432
- 43	- 51	41	49	- 252	- 249	- 32	- 96	- 284	- 345
0	0	- 5	- 4	0	- 1	0	1	0	0
- 7	- 18	- 5	- 4	172	173	10	8	182	181
- 6	- 7	0	0	- 80	- 73	0	- 8	- 80	- 81
- 2	- 2	0	0	- 25	- 16	0	- 2	- 25	- 18
- 15	- 27	- 5	- 4	67	84	10	- 2	77	82
0	0	0	0	0	- 98	0	- 102	0	- 200
- 15	- 27	- 5	- 4	67	- 14	10	- 104	77	- 118
0	0	0	0	19	19	0	0	19	19
0	0	0	0	12	13	0	0	12	13
46	73	- 46	- 73	0	0	0	0	0	0
664	753	- 617	- 702	539	495	0	65	539	560
19	27	2	3	26	35	0	3	26	38
<b>729</b>	<b>853</b>	<b>- 661</b>	<b>- 772</b>	<b>596</b>	<b>562</b>	<b>0</b>	<b>68</b>	<b>596</b>	<b>630</b>
291	308	- 336	- 394	- 6	- 42	6	42	0	0
303	153	- 44	- 61	613	431	11	202	624	633
<b>594</b>	<b>461</b>	<b>- 380</b>	<b>- 455</b>	<b>607</b>	<b>389</b>	<b>17</b>	<b>244</b>	<b>624</b>	<b>633</b>
<b>1 323</b>	<b>1 314</b>	<b>- 1 041</b>	<b>- 1 227</b>	<b>1 203</b>	<b>951</b>	<b>17</b>	<b>312</b>	<b>1 220</b>	<b>1 263</b>
<b>730</b>	<b>746</b>	<b>- 624</b>	<b>- 713</b>	<b>423</b>	<b>323</b>	<b>10</b>	<b>45</b>	<b>433</b>	<b>368</b>
6	14	1	1	22	32	0	0	22	32
438	428	- 383	- 467	374	270	4	37	378	307
149	126	- 35	- 48	384	326	3	230	387	556
<b>593</b>	<b>568</b>	<b>- 417</b>	<b>- 514</b>	<b>780</b>	<b>628</b>	<b>7</b>	<b>267</b>	<b>787</b>	<b>895</b>
<b>1 323</b>	<b>1 314</b>	<b>- 1 041</b>	<b>- 1 227</b>	<b>1 203</b>	<b>951</b>	<b>17</b>	<b>312</b>	<b>1 220</b>	<b>1 263</b>
- 5	5	- 1	- 1	100	149	3	- 2	103	147
154	94	- 221	- 9	508	673	14	123	522	663
-10%	-29%	n.a.	n.a.	13%	12%	n.a.	n.a.	15%	12%

<sup>6</sup>SIG Combibloc, SIG Beverages (without Discontinuing Business), Corporate/Services, Eliminations

<sup>7</sup>SIG Pack, Others, SIG Beverages Discontinuing Business (SIG Simonazzi, SIG Alfa, SIG Manzini, SIG Comaco)

The notes on pages 11 to 24 are an integral part of these consolidated financial statements.

## SIG Group

Notes to the consolidated financial statements in EUR million

### Information by countries and regions

	Net sales third		Number of employees		Number of employees (in %)	
	2005	2004	2005	2004	2005	2004
Germany	329	380	3 023	3 131	63%	47%
Spain	122	156	44	65	1%	1%
Italy	85	71	17	1 413	0%	21%
Rest of EU	359	419	653	749	14%	11%
<b>EU</b>	<b>895</b>	<b>1 026</b>	<b>3 737</b>	<b>5 358</b>	<b>78%</b>	<b>80%</b>
Switzerland	18	28	248	260	5%	4%
Rest of Europe	138	137	57	71	1%	1%
<b>Europe</b>	<b>1 051</b>	<b>1 191</b>	<b>4 042</b>	<b>5 689</b>	<b>84%</b>	<b>85%</b>
USA	52	87	34	77	1%	1%
Rest of America	77	122	61	209	1%	3%
<b>America</b>	<b>129</b>	<b>209</b>	<b>95</b>	<b>286</b>	<b>2%</b>	<b>4%</b>
Asia	232	228	639	696	14%	11%
Rest of World	39	66	0	0	0%	0%
<b>Total</b>	<b>1 451</b>	<b>1 694</b>	<b>4 776</b>	<b>6 671</b>	<b>100%</b>	<b>100%</b>

	Assets		Investments in tangible & intangible fixed assets		Depreciation / amortization	
	2005	2004	2005	2004	2005	2004
Europe	957	1 035	84	124	77	272
America	62	79	8	7	4	6
Asia	201	149	51	34	24	21
Rest of World	0	0	0	0	0	0
<b>Total</b>	<b>1 220</b>	<b>1 263</b>	<b>143</b>	<b>165</b>	<b>105</b>	<b>299</b>

### Information by segments

	Order intake		Number of employees		Number of employees (in %)		Total research & development costs		Investments in PP&E and intangible assets	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
SIG Combibloc	1 058	1 067	3 943	4 061	83%	61%	39	45	133	138
SIG Beverages	128	128	634	670	13%	10%	7	6	1	2
Corporate/Services	0	0	199	196	4%	3%	0	0	7	16
Eliminations	-11	-35	0	0	0%	0%	0	0	0	0
<b>Total Continuing</b>	<b>1 175</b>	<b>1 160</b>	<b>4 776</b>	<b>4 927</b>	<b>100%</b>	<b>74%</b>	<b>46</b>	<b>51</b>	<b>141</b>	<b>156</b>
Discontinuing	233	471	0	1 744	0%	26%	5	18	2	9
<b>SIG Group</b>	<b>1 408</b>	<b>1 631</b>	<b>4 776</b>	<b>6 671</b>	<b>100%</b>	<b>100%</b>	<b>51</b>	<b>69</b>	<b>143</b>	<b>165</b>

SIG Group continuing (% of net sales continuing)

3.8% 4.3% 11.7% 13.2%

### Segment Discontinuing (discontinuing and sold operations)

	Net sales		EBITA		EBIT	
	2005	2004	2005	2004	2005	2004
SIG Pack	0	102	0	0	0	0
Others (SIG Blowtec, SIG Kautex, SIG Hamba Filltec, SIG Elettric 80)	0	17	0	0	0	0
SIG Beverages Discontinuing Business <sup>1</sup>	244	391	10	- 2	10	-104
<b>Total Discontinuing</b>	<b>244</b>	<b>510</b>	<b>10</b>	<b>-2</b>	<b>10</b>	<b>-104</b>

<sup>1</sup>SIG Simonazzi, SIG Alfa, SIG Manzini, SIG Comaco

The notes on pages 11 to 24 are an integral part of these consolidated financial statements.

## SIG Group

### Notes to the consolidated financial statements

#### Strategic focus

The strategic focus on the beverage carton business (SIG Combibloc) and the sector of «Value Added Bottling» led to a split of SIG Beverages into «SIG Beverages» and «SIG Beverages Discontinuing Business». In 2005, the «SIG Beverages Discontinuing Business» was divested (see note 1). Accordingly this activity is presented as discontinuing activities together with the also divested operations SIG Pack, Others (SIG Kautex, SIG Blowtec, SIG Hamba Filltec, SIG Electric 80) and SIG Ryka, which was also divested in 2004.

#### Accounting principles

##### Basis of preparation

The financial statements of SIG Group have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements are prepared using uniform accounting policies for all group companies.

Interpretations and amendments to published standards effective in 2005: The following amendments and interpretations to standards are mandatory for the Group's accounting periods beginning on or after September 1, 2004:

- IAS 12 (Amendment), Consolidation - Special purposes entities (effective from January 1, 2005) and
- IAS 39 (Amendment), Transitional Initial Recognition of Financial Assets and Financial Liabilities (effective from January 1, 2005).

Management assessed the relevance of these amendments and interpretations with respect to the Group's operations and concluded that they are not relevant to the Group.

Standards, interpretations and amendments to published standards that are not yet effective: Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after January 1, 2006 or later and which will be relevant for the Group, as follows:

- IAS 19 (Amendment), Employee Employee Benefits (effective from January 1, 2006). The Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans. Adoption of this amendment will only impact the format and extent of disclosures presented in the accounts.
- IFRS 7, Financial Instruments: Disclosures and Amendment to IAS 1 - Presentation of Financial Statements: Capital disclosures (effective from January 1, 2007). IFRS 7 introduces new disclosures to improve the information about exposure to risks arising from financial instruments. The Group is currently assessing the impact of IFRS 7 and the amendment to IAS 1. The main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures. The Group will apply the standard from annual periods beginning January 1, 2007.

##### Presentation currency

The financial statements of SIG Group are presented in EUR, the major trading currency of SIG Group. The figures are translated from the functional currency CHF into EUR according to the procedures described in IAS 21.

##### Consolidation methods

SIG Holding Ltd. and all subsidiaries over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights are fully consolidated. The purchase method of accounting is used to account for the acquisition of subsidiaries. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. The equity method of accounting is used for associated companies and joint-ventures over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments with a shareholding of less than 20% are reported as other financial interests. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

##### Scope of consolidation

Changes to the scope of consolidation to the previous year are presented in note 1. The consolidated companies are listed on the pages 34 and 35.

##### Capital consolidation

Upon initial consolidation of a company, its identifiable assets, liabilities and contingent liabilities are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of net assets acquired is recorded as goodwill with indefinite useful life. Goodwill is tested annually for impairment and carried at costs less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

##### Foreign currency translation

Items included in the financial statements of each group company are measured using the currency of the primary economic environment in which the entity operates (functional currency). Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Resulting currency gains or losses are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges. The results and financial position of all the group entities that have a functional currency different from the presentation currency of the group are translated into the presentation currency as follows: Balance sheet items at the closing rate, income statement and cash flows at the average rate. All resulting exchange differences are recognized in equity. Unrealized gains and losses from long-term loans to subsidiaries with equity character are neutralized in the equity.

## SIG Group

### Notes to the consolidated financial statements

#### Principles of valuation

The consolidated financial statements have been prepared under the historical cost convention or, if lower, net realizable values, except for financial positions including derivatives that are valued at market value.

#### Property, plant and equipment

Land is booked at purchase cost; the other tangible fixed assets at purchase or manufacturing cost less accumulated depreciation. Depreciation is calculated based on useful life using the straight-line method. The estimated useful life is normally 25 to 30 years for factory buildings and 30 to 40 years for office buildings. Machines and installations are depreciated over 3 to 12 years. Government grants are offset against the asset's book value and thereby distributed over the useful life in the form of lower depreciation. Leases of property, plant & equipment that classify as financial lease are capitalized and depreciated over the estimated useful life. Properties which are predominantly rented to third parties are reported as investment properties at acquisition or production cost less accumulated depreciation. The fair value is reported separately.

#### Intangible assets

Goodwill: see capital consolidation. The other intangible assets include acquired patents, licenses and similar rights as well as capitalized rights to supply packaging materials. The rights to deliver packaging materials are capitalized and amortized using the straight-line method over the expected useful life of up to 6 years. Patents and licenses are amortized over a maximum period of 5 years on a straight-line basis.

#### Research and development

Research costs are charged directly to the income statement. Development costs are recognized as intangible assets if the recognition criterias of IAS 38 are fulfilled.

#### Interests in associated companies

These interests are shown in the balance sheet with the proportionate equity and in the income statement with the proportionate net profit.

#### Financial assets

Financial assets are recognized at trade date and valued at market or fair value. Profits and losses arising from changes in market or fair value are recognized in profit or loss during the period.

#### Inventories

Inventories are measured at the lower of purchase or production cost and net realizable value. The cost of inventories is determined by using the average cost formula. Slow-moving inventories are adjusted in value, and obsolete goods are depreciated. Inventories also include advance payments to suppliers. Manufacturing orders are valued in line with the completed contract method. Advance payments from customers are disclosed as liabilities.

#### Receivables

Receivables are recognized at cost less allowance for bad debt risks.

#### Securities

Securities are valued at fair value and comprise marketable shares as well as fixed income investments with a maturity of more than 90 days. Changes in fair value are recognized in the income statement.

#### Derivatives

Derivatives are measured at fair value. Changes in fair value are recognised in the income statement with exception of derivatives that qualify as cash flow hedges; these are recognized in equity.

#### Cash and cash equivalents

Cash and cash equivalents are recognized at market value and comprise cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less, Bank overdrafts are shown within short-term financial liabilities.

#### Equity

Own shares (treasury shares) which are purchased or held by a group company are deducted from equity until the shares are disposed of. Gains and losses from own shares transactions as well as dividends from own shares are recognized in the equity.

#### Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### Taxes

Provisions are made for all tax obligations at the balance sheet date, regardless of their payment date. In addition, liabilities are recognized for deferred taxes at the current or at the enacted local tax rate on the difference between the values in the consolidated balance sheet and the values in the tax balance sheets of the individual companies. Deferred withholding taxes are only recognized if the retained profits are not reserved for the growth of the group company concerned. Tax-relevant losses carried forward are capitalized only to the extent that it is probable that taxable profit will be available in the near future against which the tax assets can be utilized.

#### Pension plans and other long-term commitments for employees:

Pension obligations under defined benefit plans: The pension obligations and all major defined benefit plans are determined annually by independent insurance experts. The actuarial costs less the employees' contributions are shown in the income statement as personnel expenditures. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions greater than 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives. Other long-term benefits: If the Group companies assume long-term benefits such as the costs of medical care for retirees and / or their family members, the costs of

## SIG Group

### Notes to the consolidated financial statements

those benefits are determined actuarially and accordingly provisions are recognized over the period of service of the employees concerned.

#### Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services net of value-added taxes, rebates and discounts. Revenue is recognized when significant risks and rewards of ownership of the goods or services are transferred to the buyer.

#### Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are immediately recognized in the income statement.

#### Segment reporting

Segments are major business lines which provide products or services that are different from those of other segments.

#### Financial risk management

The Group accounting guidelines regulate all affiliates' management regarding liquidity as well as the procurement of short-term and long-term financing. In order to optimize the Group's financing requirements, the management of non-operating liquidity as well as long-term Group financing is centralized. Short-term financing is taken up decentralized but managed centrally. This ensures cost-efficient financing and optimized liquidity levels based on the Group's overall payment obligation.

#### Foreign exchange risks

The Group is active worldwide and thus exposed to exchange rate fluctuations which affect the value of Group assets and income reported in EUR. Transaction risks (purchases and sales in foreign currencies) are hedged in consideration of netting possibilities in the Group, and remaining risks are hedged with derivatives. Translation risks (translation of reported figures of affiliates in foreign currency) are not hedged. These amounts are recorded as currency translation differences in the equity of the Group.

#### Interest rate risks

Interest rate risks result from changes in interest rates which could negatively affect the equity or income of the Group. The management of long-term interest rate risks is carried out centrally. The most significant portion of the Group's long-term financing is set at fixed interest rates, thereby minimizing the effects of interest rate fluctuations on Group income. Local, short-term interest rate risks are in general not hedged by the Group companies.

#### Credit risks

Credit risks arise from the possibility that the counterparty to a transaction is unable or unwilling to fulfil its obligations and that the Group thereby suffers financial damage. Trade receivables are subject to a policy of active risk management focusing on the assessment of country risk, credit availability, ongoing credit evaluation and account monitoring procedures. The exposure of other financial assets to credit risk is controlled by setting a policy for limiting credit exposures to high-quality counterparties and periodic reviews.

#### Liquidity risks

Group companies need to have sufficient available cash to meet their obligations. Subject to Group guidelines, the affiliates are responsible for their own cash management (special credit lines are used for short-term liquidity fluctuations). The Group maintains sufficient reserves of cash and readily realizable marketable securities to meet its liquidity requirements at all times.

#### Judgements made by Management and estimation uncertainties

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### Goodwill:

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 4).

If the estimated EBITA margin at December 31, 2006 had been 10% lower than management's estimate at December 31, 2005, the Group would not need to reduce the carrying value of goodwill.

If the estimated sales growth rate at December 31, 2006 had been 10% lower than estimated at December 31, 2005, the carrying value of goodwill would not need to be reduced.

## SIG Group

Notes to the consolidated financial statements in EUR million

### 1. Changes in scope of consolidation

#### 2005

##### Disposals

7/31/2005	SIG Manzini S.p.A., Parma (PR), IT
7/31/2005	SIG Comaco S.p.A., Montecchio Emiliar (RE), IT
9/2/2005	SIG Holding Italia S.p.A., Parma (PR), IT, consisting of:
	- SIG Simonazzi S.p.A., Parma (PR), IT
	- SIG Simonazzi Blowform S.p.A., Noceto (PR), IT
	- SIG Simonazzi (Russia) O.o.o., Moscow, RU
	- SIG Simonazzi Germany GmbH, Hamburg, DE
	- SIG Simonazzi Ibérica S.A., Barcelona, ES
	- SIG Alfa S.p.A., Mantova (MN), IT
9/2/2005	SIG Beverages Ltd., Hatfield, GB (Simonazzi Business)

#### 2004

##### Disposals

2/18/2004	SIG Elettric 80 S.p.A., Viano (RE), IT
3/26/2004	SIG Hamba Filltec GmbH & Co. KG, Neunkirch-Saar, DE
4/26/2004	SIG Blowtec GmbH & Co. KG, Troisdorf, DE
4/26/2004	SIG Plastics Technology Guangdong Co. Ltd., Guangdong, CN
4/26/2004	SIG Kautex GmbH & Co. KG, Bonn, DE
4/26/2004	SIG Kautex Inc., North Branch (NJ), us
4/26/2004	SIG Plastics Technologies (UK) Ltd., Milton Keynes, GB
6/30/2004	SIG Pack division, consisting of:
	- SIG Pack Ltda., São Paulo, BR
	- SIG Pack Services GmbH, Dusseldorf, DE
	- SIG Pack Services S.à.r.l., Asnières Cedex, FR
	- SIG Pack Services Ltd., Derby, GB
	- SIG Demaurex SA, Romanel-sur-Lausanne, CH
	- SIG Pack International AG, Neuhausen am Rheinfall, CH
	- SIG Pack Services AG, Neuhausen am Rheinfall, CH
	- SIG Pack Systems AG, Beringen, CH
	- SIG Sapal SA, Ecublens, CH
	- SIG Transver AG, Altendorf, CH
	- SIG Pack Pte. Ltd., Singapore, SG
	- SIG Doboy Inc., New Richmond, us
	- SIG Pack Services Inc., Raleigh, us
11/4/2004	SIG Ryka Inc., Mississauga, CA

### 2. Exchange rates

The consolidated financial statements are presented in EURO, as this is the major trading currency of the Group.

	1 CHF		1 USD		1 GBP		100 THB	
	2005	2004	2005	2004	2005	2004	2005	2004
Average rate (income & cash flow statements)	0.65	0.65	0.80	0.81	1.46	1.47	2.00	2.00
Closing rate (balance sheet)	0.64	0.65	0.85	0.73	1.46	1.42	2.06	1.89

## SIG Group

Notes to the consolidated financial statements in EUR million

### 3. Property, plant and equipment

	Investment properties	Land and buildings	Machines, plants and other	Leased assets (Lessor)	Plants under construction	Non-current assets held for sale	2005	2004
<b>Purchase costs</b>								
<b>At the beginning of the year</b>	<b>102</b>	<b>196</b>	<b>581</b>	<b>228</b>	<b>36</b>	<b>0</b>	<b>1 143</b>	<b>1 163</b>
Changes in the scope of consolidation	0	-43	-52	-9	-1	0	-105	-85
Additions	2	5	27	29	48	0	111	133
Disposals	-1	-4	-15	-19	-3	0	-42	-57
Transfers	2	2	8	2	-14	0	0	0
Currency differences	-2	5	10	7	1	0	21	-11
<b>As at year-end</b>	<b>103</b>	<b>161</b>	<b>559</b>	<b>238</b>	<b>67</b>	<b>0</b>	<b>1 128</b>	<b>1 143</b>
<b>Accumulated depreciation (-)</b>								
<b>At the beginning of the year</b>	<b>-56</b>	<b>-75</b>	<b>-401</b>	<b>-163</b>	<b>-4</b>	<b>0</b>	<b>-699</b>	<b>-718</b>
Changes in the scope of consolidation	0	14	39	1	1	0	55	66
Additions <sup>1</sup>	-5	-9	-39	-27	0	0	-80	-81
Disposals	0	1	13	17	0	0	31	29
Transfers	0	0	0	0	0	0	0	0
Currency differences	-1	-1	-3	-4	1	0	-8	5
<b>As at year-end</b>	<b>-62</b>	<b>-70</b>	<b>-391</b>	<b>-176</b>	<b>-2</b>	<b>0</b>	<b>-701</b>	<b>-699</b>
<b>Net book values on January 1</b>	<b>46</b>	<b>121</b>	<b>180</b>	<b>65</b>	<b>32</b>	<b>0</b>	<b>444</b>	<b>445</b>
<b>Net book values on December 31</b>	<b>41</b>	<b>91</b>	<b>168</b>	<b>62</b>	<b>65</b>	<b>0</b>	<b>427</b>	<b>444</b>
Fire insurance value of property, plant and equipment							1 252	1 342
Commitments for the acquisition of property, plant and equipment							11	22
<sup>1</sup> includes:								
Impairment losses recognized in profit or loss during the period (-)							-2	-3
Reversals of impairment losses recognized in profit or loss during the period (+)							0	0
Fair value of investment properties <sup>2</sup>							82	76
Rental income from investment properties							9	7
Direct operating expenses (including repairs & maintenance) from investment properties							-7	-5

<sup>2</sup>Fair value of investment properties (mainly industrial real estates) is determined by the Group based on discounted future net cash flow calculations.

## SIG Group

Notes to the consolidated financial statements in EUR million

### 4. Intangible assets

	Goodwill	Rights to supply	Other	2005	2004
<b>Purchase costs</b>					
<b>At the beginning of the year</b>	<b>298</b>	<b>118</b>	<b>36</b>	<b>452</b>	<b>495</b>
Changes in the scope of consolidation	0	0	-10	-10	-47
Additions	0	29	3	32	32
Disposals	0	-41	-2	-43	-25
Transfers	-280	0	0	-280	0
Currency differences	1	6	0	7	-3
<b>As at year-end</b>	<b>19</b>	<b>112</b>	<b>27</b>	<b>158</b>	<b>452</b>
<b>Accumulated amortization (-)</b>					
<b>At the beginning of the year</b>	<b>-279</b>	<b>-62</b>	<b>-21</b>	<b>-362</b>	<b>-196</b>
Changes in the scope of consolidation	0	0	7	7	30
Additions <sup>1</sup>	0	-20	-5	-25	-218
Disposals	0	39	0	39	21
Transfers	280	0	0	280	0
Currency differences	-1	-2	0	-3	1
<b>As at year-end</b>	<b>0</b>	<b>-45</b>	<b>-19</b>	<b>-64</b>	<b>-362</b>
<b>Net book values on January 1</b>	<b>19</b>	<b>56</b>	<b>15</b>	<b>90</b>	<b>299</b>
<b>Net book values on December 31</b>	<b>19</b>	<b>67</b>	<b>8</b>	<b>94</b>	<b>90</b>
<sup>1</sup> includes:					
Impairment losses recognized in profit or loss during the period (-)				0	-179
Reversals of impairment losses recognized in profit or loss during the period (+)				0	0

Goodwill is currently the only asset that has an indefinite useful life and is therefore not subject to amortization but is tested for impairment annually, and whenever there is an indication that the intangible asset may be impaired.

In accordance with IFRS 3 the Group ceased amortization of goodwill as from January 1, 2005 and eliminated the accumulated amortizations as at December 31, 2004 with a corresponding decrease in the cost of goodwill.

Goodwill is allocated to cash generating units (CGU) for the purpose of impairment testing. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a 3-year period. Cash flows beyond the 3-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business under review.

Key assumptions used for value-in-use calculations for the goodwill Beverages:

EBITA margin <sup>1</sup>	4.9%
Growth rate <sup>2</sup>	1.5%
Discount rate (pre-tax)	11.1%

<sup>1</sup>Budgeted EBITA margin based on past performance and expectations for the market development.

<sup>2</sup>Weighted average growth rate used to extrapolate cash flows beyond the budget period.

## SIG Group

Notes to the consolidated financial statements in EUR million

### 5. Interests in associated companies

Name	Assets	Liabilities	Revenues	Profit / loss	Interest held %
	2004				
Schott SIG Barrier Technologies GmbH, Mainz, DE	3	1	3	0	50
SIG Combibloc Obeikan Company Ltd., Riyadh, SA	23	17	0	0	50
SIG Combibloc Obeikan FZCO, Dubai, AE	48	32	40	- 1	50
<b>Total</b>	<b>74</b>	<b>50</b>	<b>43</b>	<b>- 1</b>	

Name	2005				
	Schott SIG Barrier Technologies GmbH, Mainz, DE	2	1	1	- 2
SIG Combibloc Obeikan Company Ltd., Riyadh, SA	56	52	6	- 5	50
SIG Combibloc Obeikan FZCO, Dubai, AE	71	53	62	- 1	50
<b>Total</b>	<b>129</b>	<b>106</b>	<b>69</b>	<b>- 8</b>	

	2005	2004
Interests in associated companies	12	13

### 6. Inventories

	2005	2004
Raw material & manufacturing supplies	37	51
Work in progress and semi-finished goods	46	94
Finished goods and merchandise	64	86
Advance payments to suppliers	4	10
<b>Inventories</b>	<b>151</b>	<b>241</b>
Carrying amount of inventories carried at net realizable value	0	2
Expenses in the period for inventory write-down to net realizable value	0	0
Reversal of inventory write-down that is recognized as income in the period	0	0

### 7. Trade receivables

	2005	2004
Trade receivables, gross	107	208
less allowance for bad debt	-13	-27
<b>Trade receivables</b>	<b>94</b>	<b>181</b>

### 8. Other receivables

	2005	2004
Prepaid expenses and accrued income third parties	4	12
Receivables from associated companies	2	3
Current tax assets	2	6
Others	57	63
<b>Other receivables</b>	<b>65</b>	<b>84</b>

### 9. Securities

	2005	2004
Stocks	4	2
Interest-bearing securities	10	10
<b>Securities</b>	<b>14</b>	<b>12</b>

### 10. Long-term provisions

	2005	2004
Provisions for staff pension plans:		
for defined benefit plans	56	79
for defined contribution plans	5	5
Other long-term provisions <sup>1</sup>	69	35
<b>Long-term provisions</b>	<b>130</b>	<b>119</b>

<sup>1</sup>The increase is mainly due to the considering of the contract risks from the sale of Discontinuing business.

## SIG Group

### Notes to the consolidated financial statements in EUR million

#### 11. Staff pension plans

In addition to the legally specified social security plans, several independent staff pension plans exist in the Group, mainly held in separate funds. Where this is not the case, appropriate provisions are recognized in the balance sheet for pension benefits including employment termination indemnities. The majority of the employees is insured under defined benefit pension plans. The future obligations (and corresponding values) of the pension plans, qualified as defined benefit plans according to IAS 19, have been determined for all significant cases and assessed by independent experts. The assets of these pension plans are valued at fair value and include SIG shares with a fair value of EUR 48 million (2004: EUR 47 million) and buildings occupied by the SIG Group with a fair value of EUR 8 million (2004: EUR 8 million).

#### Balance sheet information

	2005	2004
Assets of independent pension plans at fair value	465	466
Provisions for pension obligations and employment termination indemnities included in the consolidated balance sheet under provisions for staff pension plans (defined benefit plan)	56	79
<b>Subtotal</b>	<b>521</b>	<b>545</b>
Present value of the pension obligations to existing and retired staff	-442	-473
<b>Surplus (+) / deficit (-) on reporting date</b>	<b>79</b>	<b>72</b>
Asset capping according to IAS 19 §58B	-87	-72
Not recognized actuarial gains (-) / losses (+) *	15	7
<b>Capitalized in the consolidated balance sheet</b>	<b>7</b>	<b>7</b>
<small>* Corridor limits on January 1</small>	8	8

For the defined benefit plans, the pension obligations were determined based on the following assumed average rates:

	2005	2004
Discount rate	3.9%	4.1%
Rate of salary increases	1.5%	2.5%
Rate of pension adjustments	1.2%	1.3%
Return on assets	4.8%	5.0%

#### Income statement information

	2005	2004
Increase in pension obligations	-6	-11
Interest on pension obligations	-18	-21
Expected return on assets	22	25
Profit (+) / losses (-) on curtailment and settlements	-2	-5
Actuarial gains recognized due to IAS 19 §58A	11	0
Asset capping according to IAS 19 §58B	-16	0
<b>Total expenses</b>	<b>-9</b>	<b>-12</b>
Employees' contributions	1	2
<b>Total pension expenses</b>	<b>-8</b>	<b>-10</b>

#### Additional information

	2005	2004
Pensions paid	-41	-36
Net settlement payments	-11	-180
Actuarial gain (+) / loss (-)	-18	3
Additional (+) / reduced (-) return on assets	21	8

#### Post employment medical benefits:

The only post-employment medical benefits scheme for some retired employees exists in SIG Holding USA Ltd. As the present value of the unfunded obligation is immaterial and amounts to less than EUR 1 million no further details are disclosed.

## SIG Group

Notes to the consolidated financial statements in EUR million

### 12. Interest-bearing liabilities

	2005	2004		
3.250% bond 1998-2006 (CHF 150 million) (*in 2005 reclassified to other short-term financial liabilities)	0	97		
4.625% bond 2000-2007 (CHF 150 million)	96	97		
4.375% bond 2002-2008 (CHF 100 million)	64	65		
2.125% bond 2006-2011 (CHF 150 million)	95	n.a.		
<b>Bonds issued of SIG Holding Ltd.</b>	<b>255</b>	<b>259</b>		
Fair value of the bonds issued	262	272		
Bank loans	7	14		
Other loans	1	4		
<b>Other long-term financial liabilities</b>	<b>8</b>	<b>18</b>		
<b>Long-term financial liabilities</b>	<b>263</b>	<b>277</b>		
Bank credits	17	29		
Other short-term financial liabilities (*2005 including short-term due 3.250% bond)	98	1		
<b>Short-term financial liabilities</b>	<b>115</b>	<b>30</b>		
<b>Total interest-bearing liabilities</b>	<b>378</b>	<b>307</b>		
<b>Currency breakdown</b>				
CHF	352	260		
EUR	1	35		
USD	0	2		
Other	25	10		
<b>Total interest-bearing liabilities</b>	<b>378</b>	<b>307</b>		
<b>Breakdown by maturities &amp; interest rate (at balance sheet date)</b>				
	2005	2004	2005	2004
under 1 year	3.6%	3.5%	115	30
1 to 5 years	4.8%	4.1%	168	267
over 5 years	2.3%	3.0%	95	10
<b>Total interest-bearing liabilities</b>	<b>3.8%</b>	<b>4.0%</b>	<b>378</b>	<b>307</b>

### 13. Short-term provisions

	2005	2004
Provisions for restructuring	18	35
Provisions for warranties	33	43
<b>Short-term provisions</b>	<b>51</b>	<b>78</b>

### 14. Other short-term liabilities

	2005	2004
Social security payables (incl. payables for pension plans)	5	7
Accrued liabilities	11	13
Others	31	48
<b>Other short-term liabilities</b>	<b>47</b>	<b>68</b>

## SIG Group

Notes to the consolidated financial statements in EUR million

### 15. Deferred tax assets and liabilities

			Net	Net
			2005	2004
<b>At the beginning of the year</b>			-6	-9
Changes in the scope of consolidation			2	5
Changes recognized in profit & loss			1	-2
Currency differences			-1	0
<b>As at year-end</b>			-4	-6

			Net	Net
	Deferred tax assets	Deferred tax liabilities	2005	2004
Rights to supply	0	13	13	13
Property, plant and equipment	8	14	6	6
Other non current assets	2	1	-1	-4
Inventories	4	1	-3	-6
Receivables	2	1	-1	-2
Other current assets	0	0	0	1
<b>Total assets</b>	<b>16</b>	<b>30</b>	<b>14</b>	<b>8</b>
Provisions	8	2	-6	-4
Financial liabilities	3	3	0	2
Other liabilities	1	3	2	-10
<b>Total liabilities</b>	<b>12</b>	<b>8</b>	<b>-4</b>	<b>-12</b>
<b>Total</b>	<b>28</b>	<b>38</b>	<b>10</b>	<b>-4</b>
Balancing	-16	-16	0	0
Recognition of deferred tax assets on tax losses carried forward	19		-19	-26
Unrecognized deferred tax assets on temporary differences	-5		5	24
<b>Deferred tax assets / liabilities</b>	<b>26</b>	<b>22</b>	<b>-4</b>	<b>-6</b>

### 16. Provisions

	Provisions for warranties	Provisions for restructuring	Provisions for staff pension plans	Other long-term provisions	Net	Net
					2005	2004
<b>At the beginning of the year</b>	<b>43</b>	<b>35</b>	<b>84</b>	<b>35</b>	<b>197</b>	<b>213</b>
Changes in the scope of consolidation	-11	-1	-25	0	-37	-25
Increase	24	8	6	42	80	70
Use	-22	-20	-4	-8	-54	-53
Release	-2	-4	0	0	-6	-8
Currency differences	1	0		0	1	0
<b>As at year-end</b>	<b>33</b>	<b>18</b>	<b>61</b>	<b>69</b>	<b>181</b>	<b>197</b>
of which long term			61	69	130	119
of which short term	33	18			51	78

The increase in other long-term provisions is mainly due to the considering of the contract risks from the sale of Discontinuing business, which could lead to an outflow during the next 2-5 years.





























