

Commerce Act 1986: Business Acquisition Section 66: Confidential Notice Seeking Clearance

Sonoco New Zealand Limited

22 November 2010

PUBLIC VERSION

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PART 1: TRANSACTION DETAILS

1 Name of the acquirer

Sonoco New Zealand Limited

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Henderson
Auckland

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2 Target

The relevant merger party is **T.T.L Pacific Limited** ('TTL Pacific'), a privately owned New Zealand company.

Registered Office
106 Henderson Valley Rd
Henderson
Auckland

Postal Address
As above

Physical Address
As above

Contact person:

Robin Prince
Director and shareholder
Mobile + 64 21 633554
Email: sheilaandrob@xtra.co.nz

3 Details of Merger Parties

Sonoco New Zealand Limited ('**Sonoco**') is a wholly owned subsidiary of Sonoco Canada Corporation. Its ultimate parent being:

Sonoco Products Company
1 North Second Street
Hartsville
South Carolina 29550-3305
USA

Founded in 1899, the Sonoco group of companies is a global supplier of industrial and consumer packaging and a provider of packaging solutions. Sonoco has over 300 manufacturing and sales locations in 35 countries. Sonoco Products Company is listed on the New York Stock Exchange. Further information regarding Sonoco can be found at www.sonoco.com.

Sonoco's management and operations report to its Managing Director, Mark Chenhall. Mark is Managing Director, Sonoco Australia and New Zealand. Mark in turn reports to Rodger Fuller, Vice President Global Rigid Paper & Closures based in Sonoco's global head office in Hartsville, South Carolina. Sonoco has approximately 54 employees in New Zealand.

Sonoco's ownership structure and annual report for the year ended 31 December 2009 are attached at Appendix A.

TTL Pacific is one of 12 companies owned and established by its sole director and shareholder Robin Prince and entities associated with Robin Prince (including Robin Lindsay Prince, Sheila Prince and John Colin McIntosh as trustees of the Prince Family Trust). All of these entities operate in the paper, packaging or printing industries in New Zealand or the Pacific region. Appendix B sets out the structure of the ownership and control of the relevant companies controlled, directly or indirectly, by Robin Prince.

Confidential [REDACTED]

4 Proposed Acquisition

Sonoco seeks to acquire the businesses of TTL Pacific, TTL Pacific Converting Limited and Paper Products (NZ) Limited (the '**Businesses**'). **confidential** [REDACTED]

A binding offer setting out the terms and conditions on which the relevant parties agreed to further explore the Proposed Acquisition was signed by Sonoco, the Businesses, **confidential** [REDACTED] Robin Prince and the trustees of the Prince Family Trust on 2 August 2010. The binding offer is conditional on a clearance or authorisation being granted by the New Zealand Commerce Commission. This condition is capable of being waived by Sonoco. An agreement for sale and purchase is currently being negotiated. Completion is anticipated to occur in January 2011.

With the exception of Pak Pacific Limited, a company jointly owned by Sonoco and the trustees of the Prince Family Trust, there are no formal links between Sonoco (including any member of the Sonoco group of companies) and the Businesses. Pak Pacific Limited is the holding company of Spec Papers Limited which is in the business of supplying specialty papers and paper wrapping for the food industry.

The total assets to be acquired by Sonoco under the Proposed Acquisition amount to **confidential**. The relevant assets consist of fixed assets, stock, intellectual property and goodwill.

The estimated total annual revenue of the three Businesses is approximately **confidential**

The three Businesses operate from premises in Henderson, Auckland and employ approximately **confidential** staff in total across the three Businesses.

Sonoco does not own businesses, or directly compete in the markets where TTL Pacific Converting Limited or Paper Products (NZ) Limited currently manufacture and sell. Accordingly, for the purposes of this clearance/proposal, the only company/business that is relevant is the business of TTL Pacific. Sonoco competes directly with the business of TTL Pacific.

5 Commercial Rationale

This is not part of an international merger. **confidential**

Both Sonoco and TTL Pacific operate in the overall New Zealand packaging market, in particular the manufacture and supply of cylindrical packaging products, including tubes and cores.

The tubes and cores packaging market is declining and the companies are constantly competing against other packaging materials (specifically plastic and metal) and the ever increasing pressure from imports, mostly in the form of finished product being imported into NZ e.g. industrial and consumer film already supplied on a core or in a tube.

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Sonoco have been exploring acquisition opportunities to provide economies of scale.

Currently Sonoco's Auckland plant and the premises of the three Businesses proposed to be acquired (TTL Pacific, TTL Pacific Converting Limited and Paper Products (NZ) Limited) are all located within a 2km radius in the Auckland suburb of Henderson. confidential

confidential

6 Proposed Merger documentation

A binding offer from Sonoco was accepted by TTL Pacific, TTL Pacific Converting Limited, Paper Products (NZ) Limited, the trustees of the Prince Family Trust, confidential and Robin Prince dated 2 August 2010. A copy of the signed offer is attached to this application at Appendix D. The form of agreement for sale and purchase is currently being negotiated by the parties.

7 Other Jurisdiction

The parties have no intention of notifying the competition agencies in other jurisdictions as the Proposed Acquisition relates solely to assets in New Zealand.

PART 2: THE INDUSTRY

8 Relevant goods and services supplied by the merger parties

Sonoco and TTL Pacific operate in the packaging industry and supply a range of products in various product categories in New Zealand. The overall New Zealand packaging market includes all forms of packaging for both industrial and consumer use, including all cartons, tubes, cores (paper, plastic and metal), cans (composite paper, plastic, tin and aluminum) and could also arguably include flexible packaging (such as foil pouches, bags etc.). There are many other paper and paperboard suppliers in the New Zealand market. Annual revenues in the New Zealand packaging market are estimated to be NZD300-500 million. Sonoco's share of this wider market is estimated to be between **confidential** and TTL Pacific's share is estimated to be between **confidential**.

More specifically both Sonoco and TTL Pacific manufacture and sell a range of cylindrical packaging to the industrial, construction and food industries. The cylindrical packaging market includes cardboard products, such as cardboard mailing and packaging tubes, industrial cardboard cores, cardboard pallet liners, and also composite cans made from paperboard and with plastic and metal ends. These composite cans compete directly with metal cans (tin cans) and plastic containers. Annual revenues in the New Zealand cylindrical packaging market are estimated to be NZD70-80million.

The more narrowly defined market for the manufacture and supply of tubes and cores packaging (paper, plastic and metal) has estimated annual revenues of NZD34 million. Appendix E sets out the types of products sold by Sonoco and/or TTL Pacific in the New Zealand tubes and cores market.

9 The industries affected by the Proposed Acquisition

The relevant industries that could be affected by the Proposed Acquisition are the industrial industry and the construction industry specifically in relation to the manufacture and supply of tubes and cores. The majority of sales of tubes and cores products made by Sonoco and TTL Pacific are to other New Zealand businesses for incorporation in the customer's finished product for sale to the consumer market, or to other industries. For example, Sonoco supplies paperboard cores to industrial film customers. These customers, in turn, wind film such as stretch wrap and cling film on to these cores and, then either sell on to other manufacturers, or to the end consumer.

In general, there is very little tubes and cores product sold by either Sonoco or TTL Pacific directly to the end consumer or to retail markets, the only exception being mailing tubes which are sold via a distributor such as NZ Post and construction formatubes which are sold via distributors such as Bunnings, Placemakers and Carters, or directly to the public.

Customer purchasing practices vary depending on whether a customer is in the 'Bidding Market' or the 'Non-bidding Market'. Generally:

'Bidding Market'

- a *Paper mill customers:* Paper mills produce newsprint, cardboard, paperboard and speciality papers for use domestically and for export. The paper mill customers purchase tubes and

cores based on negotiated formal period supply contracts between the parties, with such contracts having a term of one to three years or by way of tender (either project specific or for ongoing orders). **confidential** [REDACTED]

[REDACTED] The paper mill customers also purchase tubes and cores by way of a centralised global procurement programme coordinated offshore, such as **confidential** [REDACTED].

The paper mill customers are large global companies with significant countervailing market power. TTL Pacific has one paper mill customer, being Carter Holt Harvey (Penrose).

Sonoco's paper mill customers in the Bay of Plenty are:

- i Norske Skog;
 - ii Carter Holt Harvey; and
 - iii SCA Hygiene Australia.
- b *Industrial film customers:* These customers produce extruded or blown film in the form of stretch wrap or cling film or printed film for the food industry. There are few formal supply contracts in operation with the industrial film customers preferring to be able to negotiate terms (including price) on an ad hoc basis or change suppliers if needed for individual product orders. Any contracts tend to be in the form of a letter which would among other things guarantee a price for a fixed period of time but would not commit them to buy a specific volume. However, the sale process is still very competitive with a number of participants. For example, Sonoco was recently involved in a highly competitive 'reverse online auction' with a number of international participants for supply to Sealed Air. This process occurs every two to three years and manufacturers throughout the Asia Pacific region are invited to participate.

confidential [REDACTED]

The industrial film customers are large global companies with significant countervailing market power. Sales are often controlled by a global procurement division based overseas who will award global supply to a global supplier such as Sonoco. For example, Sonoco Australia supplies Integrated Packaging's operations in Australia and Sonoco supplies Integrated Packaging's New Zealand operations. **confidential** [REDACTED]

Sonoco is under pressure to keep pricing competitive for these customers in New Zealand, or otherwise risk compromising the relationship of the Sonoco Group as a whole with the customer's global procurement head office. Sonoco's main industrial film customers are:

confidential [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
TTL Pacific also supplies **confidential** [REDACTED].

'Non Bidding Customers'

The remainder of Sonoco and TTL Pacific's customers purchase tubes and cores on an ad hoc basis as and when required and, often from published price lists. These customers are based in New Zealand and typically do not have operations offshore. These customers include:

- c *Construction industry distributors:* These customers are supplied large paper cores used for the formation of concrete columns and voids for bridge construction, for example, Carters, Bunnings and Placemakers.
- d *Packaging manufacturers:* These customers typically manufacture tape, sellotape, adding machine rolls, fax rolls and purchase packaging tape/adding/fax cores. The main customers are 3M, Sellotape, NZ Tapes and Specialty Products.
- e *Textiles:* Manufacturers and/or sellers of carpet, cloth and textile customers who purchase cores as carriers for their textile products. **confidential** [REDACTED]
[REDACTED]

Contact details for Sonoco's top 10 customers are provided in Appendix F (confidential).

Contact details for TTL Pacific's top 10 customers are provided in Appendix G (confidential)

In terms of the manufacturing process, in its simplest form, both Sonoco and TTL Pacific purchase paperboard and glue and convert this into tubes or cores. Paperboard (heavy paper similar to cardboard) is generally purchased from overseas sources such as Indonesia, Malaysia, Finland and the USA. A small amount is also purchased in New Zealand from paper mills such as Carter Holt Harvey's Whakatane mill. The lead time for the imported boards varies from three to six weeks depending on origin and shipping schedules. The glue used is typically an industrial form of PVA and is purchased locally from suppliers such as Henkel and National Starch. The paper board and glue are then loaded onto a spiral winding machine (which diagonally pulls ribbons of paperboard across a steel shaft, overlaps the paper and glues them together), a paper convolute machine (which rolls paper across a steel shaft in a form similar to rolling a cigarette and glues the paper together) or a cartridge or composite can making line (both of these are adaptations of the spiral and convolute machines).

10 Industry trends and developments

There are four predominant trends that significantly impact the tubes and cores market and will provide a strong competitive constraint on the merged firm following the Proposed Acquisition:

- a the trend towards self manufacture of paperboard cores/tubes including by previous customers of Sonoco and/or TTL Pacific;
- b the relocation of New Zealand manufacturing offshore by customers in the market and the importation back into New Zealand of finished product incorporating cores or tubes;

- c a move by some customers towards substitution of paperboard cores with plastic cores; and
- d increased access to, and a reduction in the price of, equipment used to manufacture tubes and cores products.

Trend towards self manufacture

Historically customers of Sonoco, companies such as SCA Hygiene Australasia, Cottonsoft Limited, ABC Tissue Limited (all three manufacture toilet tissue), Clorox Australasia (manufactures consumer film such as Glad Wrap) and Paint Aids Limited (manufactures paint rollers) now all manufacture paperboard cores for in-house use. For further detail as to the extent of this self manufacture refer table 10 in section 24.1 below.

Relocation of manufacturing offshore and importing back to New Zealand

A number of the businesses listed above also now self manufacture paperboard cores offshore (particularly in Australia) and import back to the New Zealand market with or without finished product attached. For example, **confidential** initially found it more cost effective to manufacture paper cores in-house in New Zealand (and then also in Australia). As **confidential** improved its engineering processes and gained economies of scale from increasing productivity, it decided to move all manufacturing offshore to Asia and now import the finished product (incorporating the paper cores) back into New Zealand and Australia.

In Australia, a recent development has been for a major industrial film customer, **confidential**, to self-manufacture, at its plant in **confidential**, heavy wall (i.e. thick wall) film cores on to which they wind their industrial film (such as stretch wrap and cling film). **confidential**. This is a significant development, in that should this development extend to **confidential** deciding to self manufacture cores at their facilities in **confidential**.

The threat of importation has always provided a strong competitive constraint in the tubes and cores market. With the increase in offshore manufacture with importation of the finished product back into New Zealand, this will only increase. In Sonoco's view:

- a Although currently, no tubes or cores are imported into New Zealand in their 'raw form' (as opposed to being incorporated into finished products which are then imported into New Zealand), there is little or no impediment to offshore manufacturers doing this other than in respect of the larger paper mill cores (where transportation costs and timing may prevent competitiveness). There are no regulations or standards that govern the manufacture of tubes and cores in New Zealand.
- b Other than in respect of the paper mill customers, there are no impediments or disadvantages to customers choosing imported finished product rather than domestically manufactured products.
- c Time is only a barrier to imports in relation to the paper mill customers who require just-in-time delivery. Also, as a number of the offshore manufacturers are based in Australia, the average delivery time is not significantly greater than for a domestic manufacturer.

- d The landed price of imports tends to be highly competitive with the price of domestically produced products. No tariffs apply to the import of tubes and cores.

Increasing use of plastic cores

A number of customers in the tubes and cores market have moved away from use of paperboard cores in favour of plastic cores. For example, the New Zealand meat works and freezing works industry do not want paperboard cores to be used in their slaughter houses or freezing works. The reason for this is that there are wash down areas and with the absorbent nature of the paperboard cores there are health and safety issues with both water and blood penetrating into these cores. The plastic cores are also able to be recycled within the operations and used again.

confidential

However, the competitive threat from plastic manufacturers is still very strong.

Increased accessibility of equipment

With globalisation and easier access to world markets, it is now far easier to source and acquire tube and core winding equipment (particularly from China and India). This allows two things, firstly self manufacturing becomes a more viable option for customers and secondly it is far easier and less costly for a new competitor to start up or to grow its operations.

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11 Relevant mergers that have occurred in this industry over the past three years

Sonoco is not aware of any mergers that have occurred in the tubes and cores industry in New Zealand in the past three years.

PART 3: MARKET DEFINITION

HORIZONTAL AGGREGATION

12 Relevant Markets

The relevant markets for the Proposed Acquisition are the manufacture and supply of tubes and cores products in the North Island of New Zealand (excluding the Bay of Plenty) for:

- a 'bidding customers' in the Bidding Market
- b 'non-bidding customers' in the Non-Bidding Market

in the industrial and construction industries.

12.1 Products/Services

The products currently manufactured and sold by the merger parties are all forms of paper and paperboard packaging. However, the Proposed Acquisition will not result in any aggregation other than in respect of the manufacture and supply of tubes and cores. These products are extensively used (either as a part of the process or as packaging) in the manufacturing processes or operations of customers in the industrial and construction industries in New Zealand. Whilst the merger parties supply the paperboard forms, in many instances customers are able to substitute these, either wholly, or in part, with plastic or steel alternatives. For example industrial film cores, carpet cores, adding machine cores and tape cores are produced in plastic by other suppliers. Accordingly, Sonoco considers that for the purposes of examining the Proposed Acquisition, it is appropriate to include paperboard, plastic and steel within the same product market.

Accordingly, only the tubes and cores market (consisting of paperboard, plastic and steel) is considered in this application.

Tubes and cores are largely standardised products and customers are generally able to switch between suppliers. Products supplied to the paper mill customers (SCA Hygiene, Carter Holt Harvey and Norske Skog) are typically more technical products which require more technically advanced machinery to meet the precise specifications required.

From a supply side perspective, supply side substitution exists between different types of tubes and cores. The machinery used to manufacture tubes and cores have different sized shafts depending on the size and type of tubes or core being manufactured. For example, paper mill cores require large shafts and therefore larger machines. However, a larger shaft is capable of being used on a smaller machine, and vice versa. A shaft can be switched between machines in approximately one to eight hours (depending on the machine and the size of the shaft). However, Sonoco does not often switch shafts on its machines for efficiency reasons.

12.2 Functional Level

The merger parties manufacture and sell product to industry and in some cases to distributors (for example **confidential** [REDACTED]). The parties do not operate in the retail industry. In general neither Sonoco nor TTL Pacific sell any product directly to end consumers. Some (but very few) over the counter sales occur at either Sonoco or TTL Pacific and these are only for formatubes or mailing tubes. Accordingly, the relevant functional level of the market is that for the manufacture and wholesale supply of tubes and cores.

12.3 Geographic

Sonoco has plants in Auckland, Kawerau (Bay of Plenty) and Christchurch. TTL Pacific has a manufacturing plant in Auckland. Of the products manufactured by Sonoco's Christchurch plant, approximately **confidential** [REDACTED] is sold to customers outside of the South Island. Of the products manufactured by Sonoco's Auckland and Kawerau (Bay of Plenty) plants, none is sold to customers in the South Island. The paper mill customers who purchase from Sonoco's Kawerau plant typically have differing needs from other customers, such as just-in-time delivery, so proximity is very important.

Given the different needs of paper mill customers, including just-in-time delivery, and the lack of supply between islands due to transportation costs, Sonoco considers that there are separate

geographic markets for the Bay of Plenty, North Island (excluding Bay of Plenty) and South Island. The vast majority of TTL Pacific's customers are in Auckland and none of them are in the Bay of Plenty or South Island. Accordingly, the Proposed Acquisition will not result in any aggregation in the South Island or Bay of Plenty region.

Sonoco considers the relevant geographic market for the purposes of this application is the North Island (excluding the Bay of Plenty region).

Tables 5, 6, 7, and 8 in section 17 of this application set out the geographic distribution for the tubes and cores market. The only area of aggregation resulting from the Proposed Acquisition is in the North Island (excluding the Bay of Plenty region).

12.4 **Customer dimension**

Tubes and cores products are supplied to a number of types of customers. All of these customers are commercially sophisticated with the ability to source alternative supply.

As discussed in Section 9 of this application, Sonoco considers there is a difference in purchasing behaviours and in the type of pricing pressure exerted on Sonoco (and TTL Pacific, where applicable) by customers in the 'Bidding Market' as opposed to customers in the Non-Bidding Market. Accordingly, Sonoco is of the view there are separate markets for customers in the Bidding Market and for customers in the Non-Bidding Market.

Customers in the Bidding Market include the paper mill customers in the Bay of Plenty, Carter Holt Harvey, SCA Hygiene Australasia, Norske Skog, together with large global industrial film companies such as **confidential** [REDACTED]. The paper mill customers purchase tubes and cores based on negotiated written formal period supply contracts between the parties, with such contracts having a term of one to three years or by way of tender (either project specific or for ongoing orders). The paper mill customers and the large industrial film customers, such as **confidential** [REDACTED], also purchase tubes and cores by way of a centralised global procurement programme coordinated offshore. All customers in the Bidding Market have significant countervailing market power.

Customers in the Non-Bidding Market typically have operations in New Zealand only. Pricing pressure is exerted on Sonoco in respect of these customers from other local competitors, such as Core Blimey Ltd, Raven Rolls Ltd and South Core Ltd. Refer to tables 1 and 2 in section 17 of this application for market share information relating to customers in the Bidding Market and the Non-Bidding Market for North Island (excluding Bay of Plenty).

13 **How are products or services differentiated within the market(s)?**

The main product segments offered by the merger parties are only differentiated in the paper mill sector.

The paper mill sector is largely located in the Bay of Plenty with the major customers of Norske Skog, SCA Hygiene Australasia and Carter Holt Harvey paper mills all being located in Kawerau, Whakatane or Tokoroa. Sonoco has a manufacturing facility in Kawerau that specifically provides paper mill cores and other services to these paper mills on a 'just-in-time' delivery basis.

VERTICAL INTEGRATION

14 Vertical Integration

The Proposed Acquisition does not result in any increase in the level of vertical integration in the tubes and cores market.

PART 4: COUNTERFACTUAL

15 Counterfactual

If the Proposed Acquisition does not take place:

- a **confidential** [REDACTED]

[REDACTED] Sonoco is not aware what strategy TTL Pacific will follow if the Proposed Acquisition does not take place. **confidential** [REDACTED]

PART 5: COMPETITION ANALYSIS

16 Existing competitors

In the Non-Bidding Market, there are a number of significant competitors, being firms that currently compete against Sonoco and/or TTL Pacific for sales to third parties. These competitors have the capacity and the capability to readily increase supply of tubes and cores products in response to any attempt by the merged entity post Proposed Acquisition to increase prices or reduce supply. Sonoco considers that these competitors are generally able to supply products that would compete with those supplied by Sonoco post Proposed Acquisition and would be likely to constrain any attempt by the merged entity to engage in unilateral conduct.

Profiles of the key participants in the Non-Bidding Market are set out below:

- a *South Core Ltd*: South Core Ltd is a Christchurch based manufacturer of cardboard, tubing, serviettes, napkins, paper bags, contract slitting and sheeting. It has been in business since 1987.
- b *Core Blimey Ltd*: Core Blimey Ltd is a New Zealand owned and operated family business run by a husband and wife team, and one part-time employee. The company stocks a wide range

of packaging products including mailing tubes, bubblewrap, cardboard boxes and singlet bags, all available for purchase through its online store. The company is based in Auckland.

Further information regarding Core Blimey Ltd can be found at www.coreblimey.com

- c *Raven Rolls Ltd*: Raven Rolls Ltd is a New Zealand owned and operated manufacturer and distributor of a large selection of spiral wound cardboard tubes, fabrications and associate fittings. In addition, the company has in-house printing facilities offering specialty services to clients wanting customised tubes to package their products. The company is based in Auckland.

Further information regarding Raven Rolls Ltd can be found at www.ravenrolls.co.nz

- d *Everitt Site Supplies Ltd*: Everitt Site Supplies Ltd was founded in August 2000 and provides an independent on-site concrete consultation and delivery service for commercial construction sites. The company specialises in concrete forming and finishing products from all major manufacturers, including a full range of site “consumables”.

Further information regarding Everitt Site Supplies Ltd can be found at www.everitts.co.nz

- e *Interflow Australia*: Interflow sells Rib Loc products in Australia and New Zealand. Interflow specialises in innovative pipeline renewal solutions.

Further information regarding Interflow Australia can be found at www.interflow.com.au.

Where known, competitor contact details for the Non-Bidding Market are set out in Appendix H.

In addition to the competitors listed above, Sonoco and TTL Pacific face competition from manufacturers of plastic (such as Waters & Farr Limited) and steel formers for use in the construction industry, and also metal cores (manufactured by various engineering firms throughout New Zealand or self-manufactured by in-house engineers).

In the Bidding Market, Sonoco and TTL Pacific are the current competitors. However, Sonoco and TTL Pacific face significant competitive pressure from a number of ‘near competitors’ being self manufacturing firms that manufacture product for their own use and also from firms selling second-hand or recycled cores. Sonoco and TTL Pacific are also faced with strong competitive restraint from the threat of importation (discussed at section 10), global procurement practices and low barriers to entry.

Profiles of those self manufacturers that provide competitive restraint in the Bidding Market are set out below:

- a *SCA Hygiene Australasia*: SCA Hygiene Australasia is a manufacturer of tissue and personal hygiene products, including Sorbent toilet and facial tissue, Libra feminine hygiene products, Handee, Handee Ultra and Tuff Mate paper towels. It manufactures and markets these products across Australia, New Zealand and Fiji. The company operates through four main business areas: consumer, healthcare, away-from-home (focusing on commercial customers), and Fiji. The company led by Paul Thompson, President, and supported by five directors, employs around 1400 people across Australia, New Zealand and Fiji. It self-manufactures tubes for its own products.

SCA Hygiene Australia is part of SCA Asia-Pacific, a regional division of the global SCA Group. For more information on the SCA Group see www.sca.com. Further information regarding SCA Hygiene Australasia can be found at www.sca.com/en/australasia.

- b *Cottonsoft Ltd*: Cottonsoft Ltd is a tissue-converting company which manufactures toilet tissue, paper towels and serviettes for personal and commercial use. The company's newly established Away from Home division, Cottonsoft B2B, focuses on the specific requirements of commercial customers. Cottonsoft Ltd also undertakes contract manufacturing and packaging of house brands. Cottonsoft Ltd self-manufactures cores for its own products both in New Zealand and offshore.

Further information regarding Cottonsoft Ltd can be found at www.cottonsoft.co.nz

- c *ABC Tissue Products Pty Ltd*: ABC Tissue Products is an Australian owned and managed industrial and commercial tissue products company founded in 1985. It now has over 500 staff with manufacturing and distribution facilities in Australia and New Zealand, and a significant export market. ABC Tissue Products Pty Ltd self-manufactures cores for its own products both in New Zealand and offshore.

Further information regarding ABC Tissue Products can be found at www.abctissue.com.

- d *Clorox New Zealand Ltd*: Clorox New Zealand Ltd is based in Auckland and is part of a worldwide group of Clorox companies based in Oakland, San Francisco Bay, USA. Clorox has grown to a company with sales in excess of US\$4 billion and has a presence in over 110 countries. It manufactures and markets food preparation, storage, baking, cleaning and disposal products to the food service, hospitality and commercial sector, and automotive products. The company's most well known brands include Chux, Glad and Perflex. Clorox self-manufactures or imports cores for its own products both in New Zealand and offshore.

For more information on the Clorox Company see www.clorox.com.

- e *Paint Aids Ltd*: Paint Aids Ltd was founded in 1961 and manufactures paint brushes and roller sleeves from its factory based in Manukau, Auckland. Paint Aids products are available from paint and hardware retailers.

Sonoco is of the view that all self-manufacturers and sellers of second-hand or recycled cores are generally capable of supplying products that would compete with those supplied by Sonoco post Proposed Acquisition and would be likely to constrain any attempt by the merged entity to engage in unilateral conduct.

17 **Estimated market shares**

As discussed above, Sonoco considers the relevant geographic market for the purposes of this application is the North Island (excluding the Bay of Plenty region).

As discussed in sections 9 and 12.4 of this application, Sonoco considers there is a difference in purchasing behaviours and in the type of pricing pressures exerted on Sonoco (and TTL Pacific, where applicable) by customers in the 'Bidding Market' as opposed to customers in the 'Non-Bidding Market'. Accordingly, Sonoco is of the view there are separate markets for customers in the Bidding Market and for customers in the Non-Bidding Market. Table 1 sets out the estimated

market shares of competitors in the tubes and cores market for sales in the 'Bidding Market' in the North Island (excluding Bay of Plenty). Table 2 sets out the estimated market shares of competitors in the tubes and cores market for sales in the Non-Bidding Market in the North Island (excluding Bay of Plenty).

Table 1: Estimated market shares of competitors (excluding self-manufacturers and sales of second-hand and recycled cores) in the tubes and cores market in the North Island (excluding Bay of Plenty) in the Bidding Market *confidential*

Competitors	Estimated revenue (NZD 000's)	Estimated market share
TTL Pacific	████	████
Sonoco – Auckland	████	████
Others	██	██
TOTAL	████	100.0%

Source: Sonoco estimates - refer below

Table 2: Estimated market shares of competitors (excluding self-manufacturers and sales of second-hand and recycled cores) in the tubes and cores market in the North Island (excluding Bay of Plenty) in the Non-Bidding Market *confidential*

Competitors	Estimated revenue (NZD\$000's)	Estimated Market Share by Revenue
TTL Pacific	████	████
Sonoco – Auckland	████	████
Steel formers (various) – reusable	████	████
Interflow (seller of Rib Loc)	████	████
Plastic cores (various) – reusable	████	████
Metal cores (various) – reusable	██	██
Core Blimey Ltd	██	██
Raven Rolls Ltd	██	██
Everitt Site Supplies Ltd	██	██
Polystyrene Formers/Voids	██	██
TOTAL	████	100.0%

Source: Sonoco estimates - refer below

Tables 3 and 4 estimate the impact of the Proposed Acquisition on the market share of the merged firm in both the Bidding Market and the Non-Bidding Market.

Table 3: Pre and post-acquisition sales of tubes and cores in the North Island (excluding Bay of Plenty) in the Bidding Market *confidential*

Supplier	Pre-acquisition estimated market share	Post- acquisition estimated market share
TTL Pacific	██████	
Sonoco	██████	██████
Others	██████	██████

Source: Sonoco estimates - refer below

Table 4: Pre and post-acquisition sales of tubes and cores in the North Island (excluding Bay of Plenty) in the Non-Bidding Market *confidential*

Supplier	Pre-acquisition estimated market share	Post- acquisition estimated market share
TTL Pacific	██████	
Sonoco	██████	██████
Others	██████	██████

Source: Sonoco estimates - refer below

In the event that the Commission considers that a wider market definition is appropriate, we set out below market share estimates for a national tubes and cores market. The estimated market shares of competitors in a national tubes and cores market (for sales in both the Bidding Market and the Non-Bidding Market) are set out below in Table 5. The estimated aggregate market share of the merged firm Post Acquisition is *confidential* ██████.

Table 5: Estimated market shares of competitors (excluding self manufacturers and sales of second hand and recycled cores) in the tubes and cores market in New Zealand *confidential*

Competitors	Estimated revenue (NZD\$000's)	Estimated market share
Sonoco	██████	██████
TTL Pacific	██████	██████
Steel Formers (various) – reusable	██████	██████
Interflow (seller of Rib Loc)	██████	██████
Plastic cores (various) – reusable	██████	██████
South Core Ltd	██████	██████
Metal cores (various) – reusable	██████	██████
Core Blimey Ltd	████	██████
Raven Rolls Ltd	████	██████
Everitt Site Supplies Ltd	████	██████
Polystyrene Formers/Voids	████	██████
TOTAL	██████	100.0%

Source: Sonoco estimates – refer below

However, as discussed in section 12.3, given the different needs of paper mill customers, including just-in-time delivery, and the lack of supply between islands due to transportation costs, Sonoco considers that there are separate regional markets for the Bay of Plenty, North Island (excluding Bay of Plenty) and South Island. TTL Pacific does not operate in the Bay of Plenty or South Island markets and accordingly the Proposed Acquisition will not result in any aggregation in the Bay of Plenty or South Island markets. Table 6 sets out the estimated market shares of competitors in the tubes and cores market in the North Island (excluding Bay of Plenty). Table 7 sets out the estimated market shares of competitors in the tubes and cores market in the Bay of Plenty. Table 8 sets out the estimated market shares of competitors in the tubes and cores market in the South Island.

Table 6: Geographic distribution of revenue in the tubes and cores market in the North Island (excluding Bay of Plenty) (excluding self manufacturers and sales of second-hand or recycled cores) *confidential*

Competitors	Estimated revenue (NZD 000's)	Estimated market share
TTL Pacific	██████	██████
Sonoco – Auckland	██████	██████
Core Blimey Ltd	██████	██████
Raven Rolls Ltd	██████	██████
Everitt Site Supplies Ltd	██████	██████
Interflow (seller of Rib Loc)	██████	██████
Polystyrene Formers/Voids	██████	██████
Steel formers (various) - reusable	██████	██████
Plastic cores (various) – reusable	██████	██████
Metal cores (various) - reusable	██████	██████
TOTAL	██████	100.0%

Source: Sonoco estimates – refer below

Table 7: Geographic distribution of revenue in the tubes and cores market in the Bay of Plenty (excluding self manufacturers and sales of second-hand or recycled cores) *confidential*

Competitors	Estimated revenue (NZD 000's)	Estimated market share
Sonoco - Kawerau	██████	██████

Source: Sonoco estimates – refer below

- i Everitt Site Supplies Ltd - Sonoco estimate.
- j Metal cores (various) - Sonoco estimate based on the size of the industry and the companies involved.
- █ Plastic cores (various) – Sonoco estimate based on market research completed by Sonoco based on comments from customers who do or who have purchased plastic cores as a substitute for paper. Sonoco considers that this estimate is conservative. **confidential** █

18 Constraints

Following the Proposed Acquisition, in the Bidding Market in addition to the domestic and overseas 'near competitors' (see section 16 above), and in the Non-Bidding Market, in addition to the existing domestic competitors, the merged entity will also continue to be constrained by:

- a the ability of customers in both the Bidding Market and the Non-Bidding Market in the industrial and construction industries to substitute products supplied by existing suppliers for those supplied by other competitors;
- b the threat of new entry into the Bidding and Non-Bidding Market (including self manufacture by customers and by offshore competitors who have not yet entered the New Zealand market);
- c the ability of existing competitors in the Non-Bidding Market (or near competitors in the Bidding Market) to expand their business and supply tubes and cores products, to the industrial and construction industries;
- d the constraints in the Bidding Market due to global procurement practices.

Each constraint is considered below.

18.1 Switching

Tubes and cores are generally standardised. As such, customers in both the Bidding Market and the Non-Bidding Market can generally easily switch between suppliers. Customers often obtain tubes and cores from more than one supplier and/or switch suppliers on the basis of price and other factors. Customers also can generally switch between paperboard, plastic and metal tubes and cores. For example:

- a Sonoco considers that customers in the Bidding Market would switch to an overseas supplier (such as by sponsoring that overseas supplier's entry into the New Zealand market) if they were unable to obtain tubes and cores in New Zealand at a competitive price. The disadvantage to these customers of switching to an overseas supplier would be that the lead time and carrying inventory would both increase. These customers would also consider self manufacture or importing tubes and cores products from overseas.

- b **confidential** █
 █ However, the competitive threat from plastic manufacturers is still very strong.

- c In the wider cylindrical packaging market, until recently Sonoco manufactured adhesive cartridges for local adhesive manufacturers Bostik, Fosroc, Selleys and Sika. Bostik now own Sika and directly import **confidential** from China. Sonoco is used solely as a back up supplier.

18.2 New entry

Barriers to entry and expansion in both the Bidding Market and the Non-Bidding Market are low.

The processes involved in manufacturing tubes and cores are relatively simple and do not require significant specialised machinery. Widely available engineering machines can be adapted to produce most tubes and cores products (other than products for the paper mill customers which can require specialist machinery due to tighter specifications/tolerances).

There are no specific industry regulations or consent requirements that affect the manufacture of tubes and cores.

Sonoco understands that major global paper and packaging suppliers such as Paul & Co (Thailand) and Biltube Industries Ltd (India) are looking to expand their manufacturing base(s) into Australia and New Zealand. They would be likely to target the Bidding Market. They are actively seeking entry into the Australian market currently and could supply the New Zealand market by importation, setting up a new manufacturing facility **confidential** or approaching one of the existing smaller participants such as South Core Ltd, Core Blimey Ltd or Raven Rolls Ltd to form a joint venture for the expansion. Sonoco estimates the time frame in which a new manufacturing facility could be established would be no more than two to three months. **confidential**

The absence of any significant barriers to entry in the tubes and cores market is demonstrated by three recent entrants to the market:

- a Core Blimey Ltd – until 2009 Core Blimey was a distributor for Sonoco and TTL Pacific of smaller sized tubes and cores and smaller orders. Core Blimey then established its own manufacturing plant and now has estimated annual revenue of at least **confidential** (refer Table 2).
- b Raven Rolls Ltd – also in its first year of operation. Raven Rolls operates its own manufacturing plant based in Auckland and has quickly generated an estimated annual revenue of at least **confidential** (refer Table 2).
- c Tubepak Pty Ltd - Tubepak is based in Australia and was established in 2006 as a distributor for Sonoco Australia. In 2008 Tubepak began manufacturing tubes and cores and already has estimated annual revenue of **confidential** (refer Table 9 for market share information).

confidential

[REDACTED]

The ease with which Core Blimey Ltd and Tubepak Pty Ltd were able to establish their operations, and the ease with which **confidential** [REDACTED] supports the view that the barriers to entry in both the Bidding Market and the Non-Bidding Market are low.

18.3 Expansion

The dynamics discussed above in section 18.2 with respect to new entry apply equally to expansion in the Bidding Market by an existing competitor, or in the Non-Bidding Market by a near competitor. In this regard Sonoco notes the following:

- a The same basic machinery is used to manufacture the majority of the tubes and cores supplied in New Zealand. As a result, any firm in the Non-Bidding Market currently manufacturing one or more tubes and cores products, could, with relative ease, expand their operations to supply new categories of tubes and cores products.
- b Given that tubes and cores products are manufactured using basic engineering machinery, a firm currently manufacturing packaging products could switch production to produce tubes and cores products without significant expenditure.
- c A firm not currently manufacturing tubes and cores products could purchase the necessary equipment for approximately **confidential** [REDACTED] (for new machinery from China or India or second hand machinery from USA). Alternatively, the necessary machinery could be built in New Zealand by an engineer. **confidential** [REDACTED]

Two existing tubes and cores suppliers in the Non-Bidding Market that could expand their operations relatively quickly and easily are Core Blimey Ltd and Raven Rolls Ltd.

18.4 Global procurement

Sonoco's key customers in the Bidding Market, **confidential** [REDACTED] have related entities offshore which are also supplied by companies within the Sonoco worldwide group. Any attempt to raise prices by the merged entity in New Zealand would be constrained by the offshore supply relationship that Sonoco has with its customers.

18.5 Australian position

Competitors in the Australian market provide a constraint on the ability of New Zealand competitors to increase prices as they have the ability to import into New Zealand relatively quickly and without incurring significant cost. **confidential** [REDACTED]

19 **Potential Competition**

CONDITIONS OF ENTRY

As discussed above in section 18.2, the barriers to entry for a new manufacturer wanting to set up in either the Bidding Market or the Non-Bidding Market are low. Sonoco estimates the following requirements/costs for a start up operation (unless otherwise specified the following requirements/costs relate to the both the Bidding Market and the Non-Bidding Market):

- a Building size – confidential [REDACTED]. This estimate is based on a current storage building leased by Sonoco in Auckland and which would be suitable for a start up operation.
- b For an entrant intending to produce standard sizes of tubes and cores , a spiral winding confidential [REDACTED] machine sourced new from China, or India, at a cost of confidential [REDACTED], or second hand from the USA for a similar price. Other supporting fixed assets including air compressors, fork lifts, racking, basic office equipment have an estimated cost of confidential [REDACTED]. For an entrant wanting to produce tubes and cores products for supply to the paper mill customers, a more technically advanced spiral winding machine would be necessary. These machines can be sourced from USA or Germany for approximately confidential [REDACTED].
- c For entry to the market to supply customers other than paper mill customers, an estimate for all fixed assets would be confidential [REDACTED] in total. For an entrant wanting to produce tubes and cores products for supply to the paper mill customers, some additional preparation facilities would be necessary such as a large drying oven and quality testing equipment. This equipment could be sourced for approximately confidential [REDACTED].
- d confidential [REDACTED] staff in total would be required for a small operation, with the owner also being a part of these operational staff (i.e. able to manufacture and produce packaging products). confidential [REDACTED] staff members would need the technical knowledge to be able to produce a core on the spiral winding machine and the experience is easily passed on to others.
- e confidential [REDACTED]
- f Inventory required - approximately confidential [REDACTED].
- g It would only take two to three months to get established.
- h There are no specific regulatory requirements affecting suppliers of tubes and cores.
- i There are no frontier requirements, all tariffs on imported raw materials have now been lifted. In addition, New Zealand does not require importers to be licensed so that any individual can import tubes and cores into New Zealand.

- j There are no other business requirements involved in establishing a business in the tubes and cores market. No licences or other approvals are required to manufacture or import tubes and cores into New Zealand.

20 Impediments to entry

- 20.1 Other than the capital/cash requirements outlined above, Sonoco considers there are no other factors that could impede entry into the tubes and cores market (whether the Bidding Market or the Non-Bidding Market).
- 20.2 Sonoco considers that post Proposed Acquisition, there are likely to be a number of market developments which may prompt new entry or expansion in the market:
 - a the competitors in Auckland such as Core Blimey Ltd and Raven Rolls Ltd will become more active in the Non-Bidding Market and target any customers that may not wish to deal with a big corporate such as Sonoco/TTL Pacific;
 - b the continuing trend of customers in the Bidding Market switching to self manufacture of tubes and cores products such as **confidential** [REDACTED] in Australia; and
 - c those global packaging companies that have not already entered the Bidding Market, such as Paul & Co or Biltube Industries Ltd may increase as they see opportunity in New Zealand and as a possible way of leveraging market share in New Zealand and Australia.
- 20.3 The most recent example of entry to the market by **confidential** [REDACTED] further demonstrates the lack of impediments to entry.

LIKELIHOOD, EXTENT AND TIMELINESS OF ENTRY (THE LET TEST)

21 Likelihood of entry

As discussed in 18.2, two businesses that do not currently supply the tubes and cores market in New Zealand but which could supply the Bidding Market (and/or the Non-Bidding Market if it desired) are Paul & Co and Biltube Industries Ltd.

Paul & Co is part of the Kunert Group headquartered in Germany with manufacturing operations throughout Europe. Paul & Co also has a central manufacturing based in Indonesia with regional head offices in Thailand. Further information on Paul & Co's Asian division can be found at www.paulasia.com. Sonoco estimates Paul & Co Asia has an annual revenue of **confidential** [REDACTED] million and predominately manufactures industrial film and high performance film core. Paul & Co's competitive strength is good quality product and low prices.

Biltube is based in India but also has a manufacturing plant in Indonesia and Sonoco estimates it has worldwide revenue of **confidential** [REDACTED] million. Further information on Biltube can be found at www.biltube.com. Biltube predominately manufactures paper mill cores, textile cores and miscellaneous cores. Biltube's prices are extremely competitive.

confidential [REDACTED]

[REDACTED]

Biltube and Paul & Co have a number of options available to enter the market:

- a establish a manufacturing facility, **confidential** [REDACTED];
- b import products into New Zealand;
- c partner with an existing competitor in the Non-Bidding Market such as South Core Ltd, Core Blimey Ltd or Raven Rolls Ltd.

Sonoco is aware that Paul & Co and Biltube Industries Ltd are actively seeking to enter the Australian and the **confidential** [REDACTED] markets. Accordingly, the likelihood of entry is high.

There is also a likelihood of entry into the Non-Bidding Market by a smaller player as evidenced from the number of smaller competitors already in the Non-Bidding Market (refer Table 2) and the anticipated entry of **confidential** [REDACTED].

The likelihood of expansion in the Non-Bidding Market is also considerable. Core Blimey Ltd and Raven Rolls Ltd are new to the Non-Bidding Market (within this past 12 months) and are already looking to expand their market share.

22 Constraints from new entry

Any new entry into the Bidding Market, expansion of a current competitor in the Non-Bidding Market or just the threat of a potential new entry in either the Bidding Market or the Non-Bidding Market would be sufficient to constrain the merged entity in the tubes and cores market from any unilateral increase in prices.

23 Timeliness of entry

Regardless of the mode of entry (and whether it be Paul & Co, Biltube Industries or another entry), Sonoco considers that entry into either the Bidding Market or the Non-Bidding Market could occur very quickly, in most cases within two to three months. The latest example of entry is **confidential** [REDACTED]. In terms of gaining market share, Sonoco considers this would be likely within a year as evidenced by the size of the market share already gained by Core Blimey Ltd and Raven Rolls Ltd both within their first year of operation (refer Table 2). This is well within the timeframe adopted by the Commerce Commission for the purposes of the LET test.

Countervailing Power of Buyers

24 Constraint on merged entity from buyers

- 24.1 The Commission's *Mergers and Acquisitions Guidelines* recognise that a firm's ability to exert market power 'may be constrained if purchasers were able to exert a substantial influence on the price, quality or terms of supply of the goods or service'.

Sonoco's customers are typically large, well informed about alternative sources of supply, readily able to switch from one supplier to another and or turn to self manufacture.

If post Proposed Acquisition, Sonoco sought to act unilaterally by raising prices and lowering the quality of its products, its customers, both in the Bidding Market and in the Non-Bidding Market have a significant degree of countervailing power such that this conduct could not be sustained.

Relevantly:

- a Sonoco's Non-Bidding Market customers have a large number of alternative local suppliers to choose from who provide strong competitive restraint on Sonoco and TTL Pacific.
- b Sonoco's Bidding Market customers include large paper mill customers such as Carter Holt Harvey, Norske Skog and global packaging companies such as **confidential** [REDACTED]. These customers are sophisticated, well informed about alternative offshore suppliers and the potential ability to self manufacture, and have significant countervailing power.
- c Sonoco is, and will continue to be, under global customer pressure in the Bidding Market in respect of prices. Sonoco's ultimate parent company, Sonoco Products Company, supplies internationally to global customers such as Norske Skog. Any attempt by Sonoco (NZ) to raise prices in its supply to Norske Skog in New Zealand will be constrained by global relationships in place with Sonoco Products Company.
- d An example of importation or global customer pressure in the Bidding Market - Norske Skog is supplied by the Sonoco worldwide group at all of their locations on a global basis. Norske Skog ensure that prices for paper mill cores remain competitive globally by "benchmarking" against prices paid in the global market, i.e. there are significantly larger tube and core manufacturers competing in the international market that ensure prices are competitive overseas. The same pressure is applied to Norske Skog in New Zealand to ensure that market prices are paid in New Zealand and any variation from these global benchmarks in New Zealand would jeopardise the global sales base – this is a significant impediment to increasing prices in this region.
- e In regard to the threat of self manufacture in both the Bidding Market and the Non-Bidding Market:
 - i Core Blimey Ltd - originally (within the past three to five years) purchased tubes and cores from Sonoco from TTL Pacific and converted to self manufacture during 2009. Core Blimey Ltd is now a competitor of both Sonoco and TTL Pacific in respect of supply to other customers.
 - ii Clorox Australasia- historically, Sonoco manufactured consumer film cores for Clorox, they then wound film on to these cores for sale to the supermarkets under such brand names as Glad Wrap. Clorox then moved to self manufacture of the cores with Sonoco selling it the paperboard to allow it to do so. Eventually Clorox sourced its own paperboard supplies and Sonoco lost the business entirely. Now Clorox either self manufactures or directly imports its requirements for these products.

confidential [REDACTED]



- f Historically a significant number of major customers who previously were supplied tubes and cores by Sonoco now self manufacture. Companies who now self manufacture tubes and cores for the New Zealand market include those listed in Table 10 below.

Table 10: Estimated revenue of self manufacturers in the tubes and cores market in New Zealand *confidential*

Self-manufacturers	Estimated revenue (NZD\$000's)
SCA Hygiene Australasia	
Cottonsoft Ltd	
ABC Tissue Ltd	
Paint Aids Ltd	
Clorox Australasia	

Value estimates for these self manufacturers are assessed as follows:

- i SCA Hygiene Australasia/Cottonsoft Ltd/ABC Tissue Ltd - *confidential*
- ii Clorox Australasia - historically, Sonoco NZ manufactured consumer film cores for Clorox, they then wound film on to these cores and sold to the supermarkets under such brand names as Glad Wrap. Clorox then moved to self manufacture the cores with Sonoco selling them the paperboard to allow them to do so. Eventually Clorox sourced their own paperboard supplies and Sonoco lost the business entirely. Now Clorox either self-manufacture or directly import their requirements for these products. The data used is a Sonoco estimate based on historical sales and tonnes used.
- iii Paint Aids Ltd - Sonoco estimate of cores (for paint rollers) self manufactured or imported from overseas.

24.2 Until recently Sonoco manufactured adhesive cartridges for local adhesive manufacturers Bostik, Fosroc, Selleys and Sika. Bostik now own Sika and now directly import *confidential* from China and only retain Sonoco as a second (or back up) supplier.

25 **Constraint from buyers**

As discussed in section 24, Sonoco considers that buyers in the relevant markets are able to constrain Sonoco in different ways, and will be able to constrain the merged firm following the Proposed Acquisition. Table 11 sets out Sonoco’s five largest customers (by revenue) in the Bidding Market in the North Island (excluding Bay of Plenty). Table 12 sets out Sonoco’s five largest customers (by revenue) in the Non-Bidding Market in the North Island (excluding Bay of Plenty).

Table 11: Sonoco’s top 5 customers by sales in the Bidding Market in North Island (excluding Bay of Plenty) *confidential*

Buyer	Main product type purchased	Estimated purchases (NZD\$000s)
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Table 12: Sonoco’s top 5 customers by sales in the Non-Bidding Market in the North Island (excluding Bay of Plenty) *confidential*

Buyer	Main product type purchased	Estimated purchases (NZD\$000s)
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

26 **Coordinated Market Power**

The Commission’s *Mergers and Acquisitions Guidelines* identify three key ingredients which are necessary for successful coordination between competing firms – collusion, detection and retaliation. The Commission also refers to factors it considers in accessing the likelihood of coordinated conduct in a market. Whether or not these factors are present in the relevant market is summarised in Table 13 below:

Table 13: The potential for collusion in the tubes and cores market

Factor	Presence of factors in the tubes and cores market
High seller concentration	There are a number of sellers in the tubes and cores market. These firms will continue to compete vigorously with the merged entity post Proposed Acquisition.
Undifferentiated products	The majority of products supplied in the tubes and cores market are standardised. As a result, product differentiation tends to be limited.
Static production technology	Technological developments in the market are a constant threat. For example, the move towards plastic cores rather than paperboard cores.
Slow speed of new entry	The Commission's <i>Mergers and Acquisitions Guidelines</i> recognise that collusion is more likely to occur in markets which are difficult to enter. This is because, 'the longer the time needed to enter the market, the longer the co-ordinating business can enjoy high profits before the profits are eroded by entry'. Sonoco considers that new firms could enter the tubes and cores market quickly in less than two to three months.
Lack of fringe competitors	Sonoco considers there are fringe competitors that could enter and/or expand their operations in the tubes and cores market relatively quickly and easily, such as the smaller competitors Core Blimey Ltd and Raven Rolls Ltd. In addition, a number of international packaging manufacturers, including Paul & Co and Biltube Industries are currently actively seeking entry into the Australian confidential [REDACTED].
Acquisition of a maverick business	The Commission's <i>Mergers and Acquisitions Guidelines</i> provide that 'loss of an aggressive competitor may make it easier for other businesses to collude, as they no longer have to convince a maverick business to participate'. This factor does not apply to the Proposed Acquisition.
Price inelastic market demand	Sonoco's experience suggests that customers are sensitive to changes in price and exert strong pressure for prices to remain competitive.
History of anti-competitive behaviour	Sonoco is not aware of any history of anti-competitive behaviour among firms participating in the New Zealand tubes and cores market.
Characteristics of the buyer	The Commission's <i>Mergers and Acquisitions Guidelines</i> recognise that 'purchasers with countervailing power could undermine co-ordinated market power'. For the reasons set out in Section 24 above, Sonoco considers that a significant number of customers of tubes and cores products are able to exercise strong countervailing power.

Based on Table 13 above, Sonoco considers that co-ordinated conduct between competing firms is unlikely to occur in the tubes and cores market.

27 **Efficiencies**

Sonoco considers that efficiencies will result from the Proposed Acquisition. **confidential** [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PART 6: FURTHER INFORMATION AND SUPPORTING DOCUMENTATION

28 **Further information**

Please refer to:

- a Appendix A for Sonoco's 2009 annual report;
- b Appendix F for contact details for Sonoco's top 10 customers;
- c Appendix G for contact details for TTL Pacific's top 10 customers; and
- d Appendix H for contact details for competitors in the Non-Bidding Market.

PART 7: CONFIDENTIALITY

29 **Confidentiality**

Confidentiality is sought over the information contained in or attached to this Notice and identified by square brackets and the words 'confidential' or in the case of appendices described as being 'confidential', as listed in Appendix I ('**Confidential Information**').

Confidentiality is sought over the Confidential Information until Sonoco advised the Commission that it can make public disclosure of that information.

Confidentiality is sought under section 9 (2)(b) of the Official Information Act 1982 on the grounds that:

- a the information is commercially sensitive and valuable information which is confidential to the parties; and

- b disclosure of the information is likely to give unfair advantage to competitors of the parties and unreasonably prejudice the commercial position of the parties.

Sonoco requests that it is notified of any request made to the Commission under the Official Information Act 1982 for access to the Confidential Information, and that the Commission seeks Sonoco's views as to whether the information remains confidential and commercially sensitive at the time those requests are being considered.

The above applies in respect of any additional information provided to the Commission that is expressed to be confidential.

NOTICE

THIS NOTICE is given by Sonoco New Zealand Limited (**Sonoco**).

I, Richard Harris, Regional Finance Manager of Sonoco am authorised to make this notice on Sonoco's behalf.

I hereby confirm that:

- a All information specified by the Commission has been supplied;
- b If information has not been supplied, reasons have been included as to why the information has not been supplied;
- c All information known to the applicant which is relevant to the consideration of this notice has been supplied;
- d All information supplied is correct as at the date of this notice.

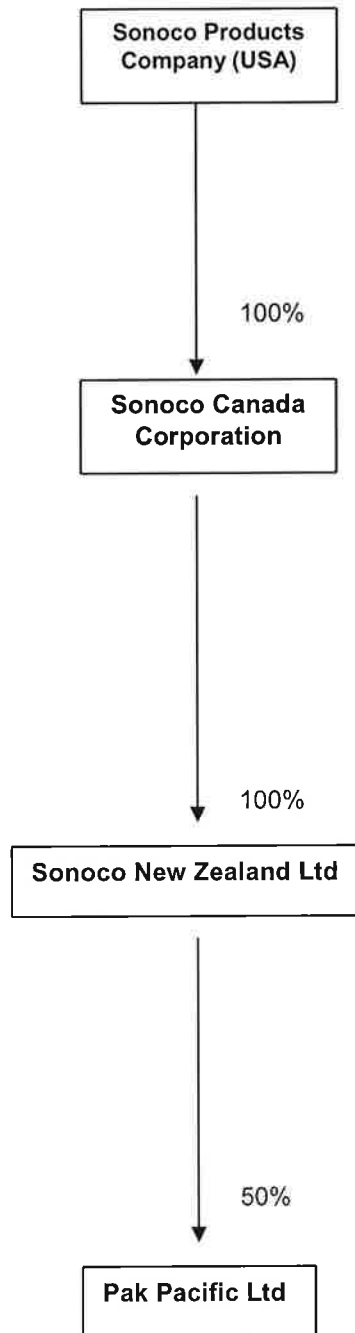
I undertake to advise the Commission immediately of any material change in circumstances to the notice.

Dated this 22nd day of November 2010



Appendix A

Sonoco ownership structure



Sonoco Annual Report

Attached



10059193618

Sonoco New Zealand Limited
Financial statements
for the year ended 31 December 2009

P# 28

13 MAY 2010

BUSINESS & REGISTRIES BRANCH, AUCKLAND
13 MAY 2010
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Directors' report

The Board of Directors have pleasure in presenting the annual report of Sonoco New Zealand Limited, incorporating the financial statements and the auditors' report, for the year ended 31 December 2009.

With the unanimous agreement of all shareholders, Sonoco New Zealand Limited has taken advantage of the reporting concessions available to it under section 211(3) of the Companies Act 1993.

The Board of Directors of Sonoco New Zealand Limited authorised these financial statements presented on pages 5 to 26 for issue on the date below.

For and on behalf of the Board.



Kevin Byrans
Director

19 March 2010
DATE

Auditors' Report

To the shareholders of Sonoco New Zealand Limited

We have audited the financial statements on pages 5 to 26. The financial statements provide information about the past financial performance of the Company and Group for the year ended 31 December 2009 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 9 to 14.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205 (1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

Directors' Responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 31 December 2009 and their financial performance for the year ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacities as auditors and tax advisers.

Auditors' Report

Sonoco New Zealand Limited

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 5 to 26:
 - (i) comply with generally accepted accounting practice in New Zealand; and
 - (ii) give a true and fair view of the financial position of the Company and Group as at 31 December 2009 and their financial performance for the year ended on that date.

Our audit was completed on 24 March 2010 and our unqualified opinion is expressed as at that date.



Chartered Accountants

Auckland

Sonoco New Zealand Limited
Statements of comprehensive income
For the year ended 31 December 2009

	Notes	Consolidated		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue from sale of goods		15,684	16,062	15,684	16,062
Cost of sales of goods		<u>(12,201)</u>	<u>(11,943)</u>	<u>(12,201)</u>	<u>(11,943)</u>
Gross profit		<u>3,483</u>	<u>4,119</u>	<u>3,483</u>	<u>4,119</u>
Other income	4	2	171	2	171
Expenses	5				
Distribution		(336)	(366)	(336)	(366)
Marketing		(312)	(278)	(312)	(278)
Administration		(1,176)	(1,175)	(1,176)	(1,175)
Other		(575)	(627)	(529)	(627)
Finance income - net	6	454	851	454	851
Share of profit from jointly controlled entity	23	<u>24</u>	-	-	-
Profit before income tax		1,564	2,695	1,586	2,695
Income tax expense	7	<u>(477)</u>	<u>(809)</u>	<u>(477)</u>	<u>(809)</u>
Profit for the year		<u>1,087</u>	<u>1,886</u>	<u>1,109</u>	<u>1,886</u>
Other comprehensive income for the year		-	-	-	-
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year is attributable to:					
Equity holders of Sonoco New Zealand Limited		<u>1,087</u>	<u>1,886</u>	<u>1,109</u>	<u>1,886</u>

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

Sonoco New Zealand Limited
Balance sheets
As at 31 December 2009

	Notes	Consolidated		Parent	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		4,954	8,366	4,954	8,366
Trade and other receivables	8	2,283	2,275	2,283	2,275
Inventories		2,543	2,644	2,543	2,644
Current tax assets		1,746	-	1,746	-
Total current assets		11,526	13,285	11,526	13,285
Non-current assets					
Property, plant and equipment	9	2,398	2,261	2,398	2,261
Intangible assets	10	741	741	741	741
Investments in jointly controlled entity	23	24	-	46	-
Related party receivables	11	413	5,000	413	5,000
Deferred tax assets	12	296	333	296	333
Total non-current assets		3,872	8,335	3,894	8,335
Total assets		15,398	21,620	15,420	21,620
LIABILITIES					
Current liabilities					
Trade and other payables	13	3,897	1,926	3,897	1,926
Current tax liabilities		-	118	-	118
Provisions	14	70	73	70	73
Total current liabilities		3,967	2,117	3,967	2,117
Non-current liabilities					
Retirement benefit obligations	21	325	397	325	397
Total non-current liabilities		325	397	325	397
Total liabilities		4,292	2,514	4,292	2,514
Net assets		11,106	19,106	11,128	19,106
EQUITY					
Contributed equity	16	9,310	9,310	9,310	9,310
Retained earnings	17	1,796	9,796	1,818	9,796
Total equity		11,106	19,106	11,128	19,106

The above balance sheets should be read in conjunction with the accompanying notes.

Sonoco New Zealand Limited
Statements of changes in equity
For the year ended 31 December 2009

Consolidated	Attributable to equity holders of the Company		
	Contributed equity \$'000	Retained earning \$'000	Total equity \$'000
Balance at 1 January 2008	<u>9,310</u>	<u>7,910</u>	<u>17,220</u>
Comprehensive income			
Profit for the year	-	1,886	1,886
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income	<u>-</u>	<u>1,886</u>	<u>1,886</u>
Transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2008	<u>9,310</u>	<u>9,796</u>	<u>19,106</u>
	Contributed equity \$'000	Retained earning \$'000	Total equity \$'000
Balance at 1 January 2009	<u>9,310</u>	<u>9,796</u>	<u>19,106</u>
Comprehensive income			
Profit for the year	-	1,087	1,087
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income	<u>-</u>	<u>1,087</u>	<u>1,087</u>
Transactions with owners			
Dividends paid to shareholders (note 18)	-	(9,087)	(9,087)
Supplementary dividend to foreign shareholders (note 17)	-	(1,604)	(1,604)
Tax credit on dividends paid to foreign shareholders (note 17)	<u>-</u>	<u>1,604</u>	<u>1,604</u>
Balance at 31 December 2009	<u>9,310</u>	<u>1,796</u>	<u>11,106</u>

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Sonoco New Zealand Limited
Statements of changes in equity
For the year ended 31 December 2009
(continued)

Parent	Attributable to equity holders of Sonoco New Zealand Limited		
	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2008	9,310	7,910	17,220
Comprehensive income			
Profit or loss	-	1,886	1,886
Other comprehensive income			
Total comprehensive income	-	1,886	1,886
Balance at 31 December 2008	9,310	9,796	19,106
Parent	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2009	9,310	9,796	19,106
Comprehensive income			
Profit or loss	-	1,109	1,109
Other comprehensive income			
Total comprehensive income	-	1,109	1,109
Transactions with owners			
Dividends paid to shareholders (note 18)	-	(9,087)	(9,087)
Supplementary dividend to foreign shareholders (note 17)	-	(1,604)	(1,604)
Tax credit on dividends paid to foreign shareholders (note 17)	-	1,604	1,604
Balance at 31 December 2009	9,310	1,818	11,128

The above statements of changes in equity should be read in conjunction with the accompanying notes.

1 General information

Sonoco New Zealand Limited (the Company or Parent) and its investments in jointly controlled entities (together the Group) is a manufacturer and supplier of a range of mainly paper based tubular packaging products.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 3 Hickory Avenue, Henderson, Auckland.

The Board of Directors of the Company authorised these financial statements presented on pages 5 to 26 for issue on

14 March 2010 .

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

(a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Entity reporting

The financial statements for the Parent are for Sonoco New Zealand Limited as a separate legal entity.

The consolidated financial statements for the 'Group' are for the economic entity comprising Sonoco New Zealand Limited and its jointly controlled entity.

The Company and Group are designated as profit oriented entities for financial reporting purposes.

Statutory base

Sonoco New Zealand Limited is a company registered under the Companies Act 1993.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Differential reporting

The Company and Group are qualifying entities within the Framework for Differential Reporting. The Company and Group qualify on the basis that they are not publicly accountable and there is no separation between the owners and governing body of Sonoco New Zealand Limited. The Company and Group has taken advantage of all differential reporting concessions available to them except for:

- NZ IAS 12 Income Taxes
- NZ IAS 18 Revenue (paragraphs NZ6.1)

with which it has complied fully.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets as identified in specific accounting policies below.

(b) Principles of consolidation

(i) Jointly controlled entities

Jointly controlled entities are all entities over which the Group has significant influence but not control, being a shareholder of 50% of the voting rights. The Group's interests in jointly controlled entities are accounted for using the equity method.

2 Summary of significant accounting policies (continued)

The Group's share of its jointly controlled entities' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in New Zealand dollars, which is the Company's functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(d) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, net of Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

(i) Sales of goods

Revenue from the sale of goods is recognised in the statement of comprehensive income when the significant risks and rewards have been transferred to the buyers. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due and associated costs.

(ii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(e) Income tax

The income tax expense or revenue for the period is the total of the current period's taxable income based on the national income tax rate plus/minus any prior years' under/over provisions, plus/minus movements in the deferred tax balance except where the movement in deferred tax is attributable to a movement in reserves.

Movements in deferred tax are attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements and any unused tax losses or credits. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or loss or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

2 Summary of significant accounting policies (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The income tax expense or revenue attributable to amounts recognised directly in equity are also recognised directly in equity. The associated current or deferred tax balances are recognised in these accounts as usual.

(f) Goods and Services Tax (GST)

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under a operating lease (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(h) Impairment of non financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life including goodwill, are not subject to amortisation. They are tested for impairment when circumstances are identified that indicate a potential impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units).

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(j) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income within 'other expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises of direct materials and where applicable, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost is determined on a first in, first out basis and in the case of manufactured goods, includes direct materials, labour and production overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Investments in jointly controlled entities

Investments in jointly controlled entities in Parent financial statements are stated at cost less impairment.

2 Summary of significant accounting policies (continued)

(m) Investments and other financial assets

The Group classifies its investments in the following category:

(i) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in 'trade and other receivables' in the balance sheet.

(n) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

(o) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation of property, plant and equipment, is charged on a straight-line basis so as to write off the cost of the assets over their expected useful life. The following estimated lives have been used:

- Buildings	40 years
- Plant and equipment	10 years
- Motor vehicles	5 years
- Office equipment	4 to 10 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

(p) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business/associate at the date of acquisition.

Goodwill on acquisitions of businesses is included in intangible assets. Goodwill is not amortised as it is deemed to have an infinite life. Instead, goodwill is tested for impairment if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

2 Summary of significant accounting policies (continued)

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(r) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are expensed as incurred, unless have been incurred to fund the creation of a qualifying asset in which case they are capitalised into the cost of that asset.

(s) Provisions

Provisions are recognised 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 recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(t) Retirement benefit obligations

All employees of the Group are entitled to superannuation benefits from the Group's defined contribution superannuation plan on retirement, disability, death or resignation. The defined contribution benefit receives fixed contributions from employees, the Group's legal and constructive obligation is limited to these contributions.

In addition the plan has 3 employees and 4 former employees with benefits that include a defined benefit guarantee that, should the account balances under the Plan at the time a benefit is payable be below a defined level, the Company will make a special contribution. The arrangements provide a top up benefit based on the years of membership and final average salary.

A liability or asset in respect of defined benefit superannuation plan is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

All actuarial gains/losses that arise on the retirement benefit obligations are recognised in the statement of comprehensive income in the period in which they occur.

(u) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

2 Summary of significant accounting policies (continued)

The liability for employee entitlements is carried at the present value of the estimated future cash flows.

(v) Contributed equity

Ordinary shares are classified as equity.

(w) Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's and the Group's financial statements in the period in which the dividends are approved by the Directors and notified to the Company's shareholders.

(x) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation and classification adopted in the current period.

Sonoco New Zealand Limited
Notes to the financial statements
31 December 2009
 (continued)

3 Financial instruments by category

Assets as per balance sheet	Loans and receivables \$'000	Total \$'000
Consolidated		
At 31 December 2009		
Trade and other receivables	2,214	2,214
Cash and cash equivalents	<u>4,954</u>	<u>4,954</u>
	<u>7,168</u>	<u>7,168</u>
At 31 December 2008		
Trade and other receivables	2,223	2,223
Cash and cash equivalents	<u>8,366</u>	<u>8,366</u>
	<u>10,589</u>	<u>10,589</u>
Parent		
At 31 December 2009		
Trade and other receivables	2,214	2,214
Cash and cash equivalents	<u>4,954</u>	<u>4,954</u>
	<u>7,168</u>	<u>7,168</u>
At 31 December 2008		
Trade and other receivables	2,223	2,223
Cash and cash equivalents	<u>8,366</u>	<u>8,366</u>
	<u>10,589</u>	<u>10,589</u>
	Measured at amortised cost \$'000	Total \$'000
Liabilities as per balance sheet		
Consolidated		
At 31 December 2009		
Trade and other payables	<u>1,791</u>	<u>1,791</u>
At 31 December 2008		
Trade and other payables	<u>1,336</u>	<u>1,336</u>
Parent		
At 31 December 2009		
Trade and other payables	<u>1,791</u>	<u>1,791</u>
At 31 December 2008		
Trade and other payables	<u>1,336</u>	<u>1,336</u>

4 Other income

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Other income	2	14	2	14
Foreign exchange gains	-	157	-	157
	<u>2</u>	<u>171</u>	<u>2</u>	<u>171</u>

5 Expenses

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Profit before income tax includes the following specific expenses:				
<i>Depreciation</i>				
Buildings	45	44	45	44
Plant and equipment	203	243	203	243
Furniture and equipment	41	41	41	41
Total depreciation	<u>289</u>	<u>328</u>	<u>289</u>	<u>328</u>
<i>Employee benefit expense</i>				
Salaries and wages	3,400	3,436	3,400	3,436
SuperLife - Employer contribution	141	126	141	126
Pension costs - defined benefit plans	(48)	176	(48)	176
Total employee benefits	<u>3,493</u>	<u>3,738</u>	<u>3,493</u>	<u>3,738</u>
Rental expense relating to operating leases	120	196	198	196
Management fees	328	237	328	237
Loss on disposal of fixed assets	-	2	-	2
Foreign exchange loss	220	-	220	-

Auditors' fees

During the year the following fees were paid or payable for services provided by the auditor of the Company:

(a) Assurance services

<i>Audit services</i>				
<i>PricewaterhouseCoopers</i>				
Audit related services	39	39	39	39
Assistance with financial statement disclosures	5	5	5	5

(b) Taxation services

<i>PricewaterhouseCoopers</i>				
Tax compliance services, including review of company income tax returns	<u>23</u>	<u>13</u>	<u>23</u>	<u>13</u>
Total remuneration paid to auditors	<u>67</u>	<u>57</u>	<u>67</u>	<u>57</u>

6 Finance income and expenses

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Finance costs				
Interest and finance charges paid/payable	1	1	1	1
Finance income				
Interest income	<u>(455)</u>	<u>(852)</u>	<u>(455)</u>	<u>(852)</u>

7 Income tax expense

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Income tax expense				
Current tax	440	853	440	853
Increase/(decrease) in deferred tax assets	<u>37</u>	<u>(44)</u>	<u>37</u>	<u>(44)</u>
	<u>477</u>	<u>809</u>	<u>477</u>	<u>809</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	<u>1,564</u>	<u>2,695</u>	<u>1,586</u>	<u>2,695</u>
Tax at the New Zealand tax rate of 30% (2008 - 30%)	469	809	476	809
Non assessable income	(7)	-	-	-
Expenses not deductible for tax purposes	1	2	1	2
Temporary differences	<u>14</u>	<u>(2)</u>	<u>-</u>	<u>(2)</u>
Income tax expense	<u>477</u>	<u>809</u>	<u>477</u>	<u>809</u>

8 Trade and other receivables

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade receivables	2,214	2,223	2,214	2,223
Prepayments	<u>69</u>	<u>52</u>	<u>69</u>	<u>52</u>
	<u>2,283</u>	<u>2,275</u>	<u>2,283</u>	<u>2,275</u>

(a) Bad and doubtful trade receivables

The Group and Parent have recognised a loss of \$Nil (2008: \$8,065) in respect of bad and doubtful trade receivables during the year ended 31 December 2009. The loss has been included in 'other expenses' in the statement of comprehensive income.

9 Property, plant and equipment

	Freehold land \$'000	Freehold buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Office Equipment \$'000	Total \$'000
Consolidated						
At 31 December 2008						
- Cost	187	1,790	5,516	2	660	8,155
- Accumulated depreciation	<u>-</u>	<u>(946)</u>	<u>(4,404)</u>	<u>(2)</u>	<u>(542)</u>	<u>(5,894)</u>
- Net book amount	<u>187</u>	<u>844</u>	<u>1,112</u>	<u>-</u>	<u>118</u>	<u>2,261</u>

	Freehold land \$'000	Freehold buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Office Equipment \$'000	Total \$'000
Consolidated						
At 31 December 2009						
- Cost	187	1,790	5,931	-	671	8,579
- Accumulated depreciation	<u>-</u>	<u>(991)</u>	<u>(4,607)</u>	<u>-</u>	<u>(583)</u>	<u>(6,181)</u>
- Net book amount	<u>187</u>	<u>799</u>	<u>1,324</u>	<u>-</u>	<u>88</u>	<u>2,398</u>

	Freehold land \$'000	Freehold buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Office Equipment \$'000	Total \$'000
Parent						
At 31 December 2008						
- Cost	187	1,790	5,516	2	660	8,155
- Accumulated depreciation	<u>-</u>	<u>(946)</u>	<u>(4,404)</u>	<u>(2)</u>	<u>(542)</u>	<u>(5,894)</u>
- Net book amount	<u>187</u>	<u>844</u>	<u>1,112</u>	<u>-</u>	<u>118</u>	<u>2,261</u>

	Freehold land \$'000	Freehold buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Office Equipment \$'000	Total \$'000
Parent						
At 31 December 2009						
- Cost	187	1,790	5,931	-	671	8,579
- Accumulated depreciation	<u>-</u>	<u>(991)</u>	<u>(4,607)</u>	<u>-</u>	<u>(583)</u>	<u>(6,181)</u>
- Net book amount	<u>187</u>	<u>799</u>	<u>1,324</u>	<u>-</u>	<u>88</u>	<u>2,398</u>

10 Intangible assets

	Goodwill \$'000	Total \$'000
Consolidated		
At 31 December 2008		
Carrying value	<u>741</u>	<u>741</u>
Consolidated		
At 31 December 2009		
Carrying value	<u>741</u>	<u>741</u>
Parent		
At 31 December 2008		
Carrying value	<u>741</u>	<u>741</u>
Parent		
At 31 December 2009		
Carrying value	<u>741</u>	<u>741</u>

The goodwill has been allocated against one cash generating unit (CGU) being the business of Sonoco New Zealand Limited which is a manufacturer and supplier of a range of mainly paper base tubular packaging products.

11 Related party receivables

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Net related party receivables				
Related party receivables (note 22)	<u>413</u>	<u>5,000</u>	<u>413</u>	<u>5,000</u>
	<u>413</u>	<u>5,000</u>	<u>413</u>	<u>5,000</u>

12 Deferred tax assets

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
The balance comprises temporary differences attributable to:				
Provisions	124	131	124	131
Fixed assets	75	83	75	83
Defined benefit	97	119	97	119
Net deferred tax assets	<u>296</u>	<u>333</u>	<u>296</u>	<u>333</u>

Movements

	Provisions \$'000	Fixed assets \$'000	Defined benefit \$'000	Total \$'000
At 1 January 2008	(176)	(113)	-	(289)
Charged/(credited) to the statement of comprehensive income	45	30	(119)	(44)
At 31 December 2008	<u>(131)</u>	<u>(83)</u>	<u>(119)</u>	<u>(333)</u>
At 1 January 2009	(131)	(83)	(119)	(333)
Charged/(credited) to the statement of comprehensive income	7	8	22	37
At 31 December 2009	<u>(124)</u>	<u>(75)</u>	<u>(97)</u>	<u>(296)</u>

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Deferred tax assets to be recovered within 12 months	124	132	124	132
Deferred tax assets to be recovered after more than 12 months	172	201	172	201
	<u>296</u>	<u>333</u>	<u>296</u>	<u>333</u>

All deferred tax movements have been credited / charged to the statement of comprehensive income.

13 Trade and other payables

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade payables	1,626	1,256	1,626	1,256
Amounts due to related parties (note 22)	80	36	80	36
GST	73	63	73	63
Other payables and accruals	85	44	85	44
Employee benefits	429	527	429	527
Non Resident Withholding tax payable	1,604	-	1,604	-
	<u>3,897</u>	<u>1,926</u>	<u>3,897</u>	<u>1,926</u>

14 Provisions

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Long service leave	45	48	45	48
Sick leave	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>
	<u>70</u>	<u>73</u>	<u>70</u>	<u>73</u>

(a) Long service leave

The provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and are entitled to payments in certain circumstances.

(b) Sick leave

The provision for sick leave includes all unconditional entitlements where employees are entitled to payments in certain circumstances.

15 Imputation credits

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balances				
Imputation credit account	<u>3,551</u>	<u>5,164</u>	<u>5,164</u>	<u>5,164</u>
	<u>3,551</u>	<u>5,164</u>	<u>5,164</u>	<u>5,164</u>
Movements				
Imputation credit account				
Balance at beginning of year	5,164	4,480	5,164	4,480
Income tax payments and refunds	<u>(1,613)</u>	<u>684</u>	<u>-</u>	<u>684</u>
Balance at end of year	<u>3,551</u>	<u>5,164</u>	<u>5,164</u>	<u>5,164</u>

The availability of imputation credits is subject to confirmation by the Inland Revenue Department and the requisite level of ultimate shareholder continuity being maintained in accordance with New Zealand tax legislation.

16 Contributed equity

	2009 Shares	2008 Shares	2009 \$'000	2008 \$'000
Share capital				
Ordinary shares	9,310	9,310	9,310	9,310

None of the above shares were held by the Group or its subsidiaries.

As at 31 December 2009 there were 4,068,060 shares issued and fully paid (2008: 4,068,060). All ordinary shares rank equally with one vote attached to each fully paid ordinary share. Ordinary shares do not have a par value.

17 Retained earnings

Movements in retained earnings are as follows:

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at beginning of year	9,796	7,910	9,796	7,910
Net profit for the year	1,087	1,886	1,109	1,886
Dividends	(9,087)	-	(9,087)	-
Supplementary dividend to foreign shareholders	(1,604)	-	(1,604)	-
Tax credit on dividends paid to foreign shareholders	1,604	-	1,604	-
Balance at end of year	<u>1,796</u>	<u>9,796</u>	<u>1,818</u>	<u>9,796</u>

18 Dividends

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Interim dividend (2009: \$2.23 dollars per share; 2008: nil)	9,087	-	9,087	-

The dividends are fully imputed. A supplementary dividend was paid to foreign shareholders of \$0.39 (2008: nil).

19 Contingencies

As at 31 December 2009 the Group and Parent had no contingent liabilities or assets (2008:nil).

20 Commitments

As at 31 December 2009 the Group and Parent had no capital commitments (2008:nil).

The company also leases various buildings and motor vehicles under cancellable operating leases.

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	181	348	181	348
Later than one year but not later than five years	192	835	192	835
	<u>373</u>	<u>1,183</u>	<u>373</u>	<u>1,183</u>

21 Retirement benefit obligations

Until 18 December 2006, the Group provided superannuation benefits through the Sonoco Retirement Plan. At that date the members and pensioners of the Plan transferred to an alternative plan, SuperLife.

While the previous plan was a defined benefit plan, the new SuperLife arrangements are defined contributions.

As at 18 December 2006 the Sonoco Retirement Plan curtailed its liabilities and settled them into SuperLife.

In respect of five former employees (i.e. retirees), the Group provides a guarantee such that should the assets in the member's retirement account run out before they die (and in one case the spouse dies), the Group will fund the then ongoing pension payments for their remaining life times.

Also, in respect of two current employees, the Group provides a guarantee such that should the balance of their member, employer and their retirement accounts be insufficient to fund their retirement benefit at retirement, the Group will fund the shortfall.

Until such time as an actual liability (if any) crystallises, the Group has to account for the potential liability under the requirements of NZ IFRS.

Consolidated		Parent	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

(i) Pension benefits

The amounts recognised in the balance sheet are as follows:

Present value of the defined benefit obligation	218	266	218	266
Adjustments or contribution tax	107	131	107	131
Net liability in the balance sheet	325	397	325	397

Consolidated		Parent	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

The amounts recognised in the statement of comprehensive income are as follows:

Net actuarial losses (gains) recognised in the year	(48)	176	(48)	176
ESCT	(24)	87	(24)	87
Gross contribution by the Group	(72)	263	(72)	263

Of the total gain, \$48,000 was included in other expenses (2008: \$176,000 expense was included in administration expenses).

The actual return on plan assets was 5.9% (2008: -12.2%).

Consolidated		Parent	
2009	2008	2009	2008
%	%	%	%

The principal actuarial assumptions used were as follows:

Discount rate (gross)	6.10	5.15	6.10	5.15
Expected return on plan assets (net)	5.00	5.00	5.00	5.00
Future salary increases	3.50	3.50	3.50	3.50

21 Retirement benefit obligations (continued)

(ii) Mortality rate

Assumptions regarding future mortality experience are set based on advice, published statistics and experience.

	Consolidated		Parent	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Pensioner mortality	NZLT 2000/02 less 3 years	NZLT 2000/02 less 3 years	NZLT 2000/02 less 3 years	NZLT 2000/02 less 3 years

22 Related party transactions

The ultimate parent of Sonoco New Zealand Limited is Sonoco International Inc, USA (a company incorporated in the USA). Transactions consist of the payment of Technical Assistance Fees. Settlement is on normal commercial terms.

The immediate Parent of Sonoco New Zealand Limited is Sonoco Products Co. Transactions consist of the importation of certain raw materials and finished goods. Settlement is on normal commercial terms.

Inter-company transactions with fellow subsidiary companies also took place during the year. Product was sold to Sonoco Australia Pty Limited and raw materials, finished goods and some machinery were acquired from Sonoco Australia Pty Ltd, Sonoco Hongwen China and Sonoco Crellin USA Inc.

The Group has an investment in Pak Pacific, a jointly controlled entity. During the year the Group made working capital advances and a loan to Pak Pacific. Interest was charged on the loan at 4.9%.

Relationship with company	Nature of transactions	Transaction		Year-end	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Entities under common control	Purchase of goods and services	740	713	(80)	(36)
Entities under common control	Loan	-	-	-	5,000
Jointly controlled entity	Loan	142	-	142	-
Jointly controlled entity	Working capital advances	271	-	271	-
Jointly controlled entity	Interest received	7	-	7	-

23 Interest in joint venture

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Interest in joint venture	24	-	46	-

Interest in jointly controlled entities within the parent are held at cost. Cost includes costs incurred in entering into the joint venture. Within the Group the investment is equal to the Group's share of the net assets and does not include the costs incurred in entering into the joint venture. Based on forecasted results for the joint venture, management do not believe the investment within the parent to be impaired.

Joint venture	Principal activities	Interest held by the consolidated group		Consolidated carrying amount	
		2009	2008	2009 \$'000	2008 \$'000
		Pak Pacific	Manufacturer and supplier of paper based products	50%	-%

	Consolidated	
	2009 \$'000	2008 \$'000
Share of profit (less losses) before income tax	34	-
Income tax	(10)	-

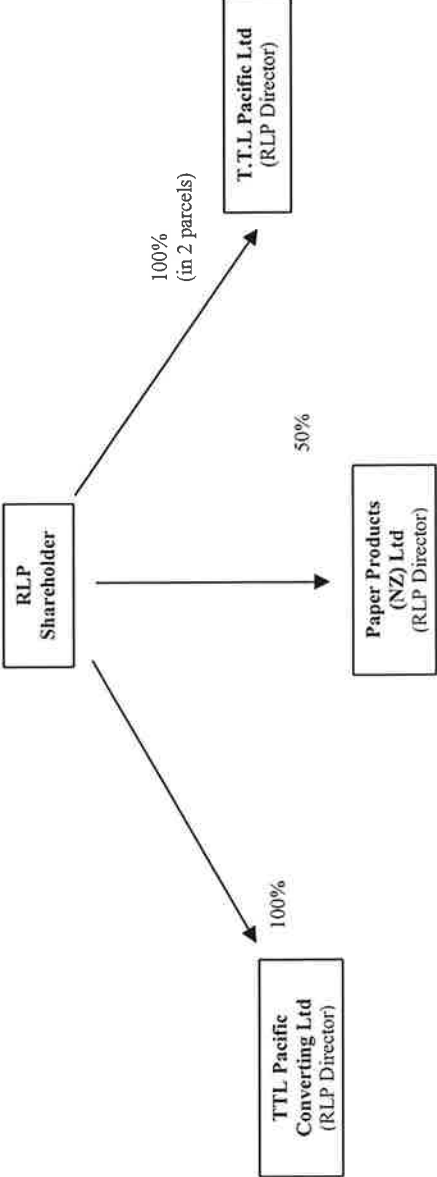
	Consolidated	
	2009 \$'000	2008 \$'000
The Group's aggregate share of revenues and expense was:		
Revenue	258	-
Expenses	234	-

	Consolidated	
	2009 \$'000	2008 \$'000
The Group's aggregate share of assets and liabilities was:		
Current assets	195	-
Non Current assets	55	-
Current liabilities	57	-
Non Current liabilities	169	-

24 Events occurring after the balance date

There were no significant events occurring after balance date that effect these financial statements (2008: nil).

Appendix B Ownership and control of relevant companies relating to Robin Prince (RLP)



Appendix C

Declining market data

Confidential - removed

Appendix D

Offer to purchase

Confidential - removed

Appendix E**List of products sold by Sonoco and/or TTL
Pacific in the tubes and cores market**

Product Group	Product	
Spiral Tubes	Cloth tubes	
	Construction formavoid	
	Construction formatube	
	Forming	
	Protective/Storage	
	Tubes miscellaneous	
	Spiral drums	
	Mailing tubes	
	Spiral Cores	Convertor cores
		Film industrial cores
Paper mill cores		
Paper/add/copy/fax machine cores		
Wrap tape cores		
Wrap wire cores		
Wrap label cores		
Structural packaging cores		
Carpet cores		
Converter cores		
Convolute Tubes	Textile convolute tubes	
	Miscellaneous	
Miscellaneous	Misc Parent Cores	

Appendix F

Contact details for Sonoco's customers

Confidential – removed

Appendix G Contact details for TTL Pacific's customers

Confidential - removed

Appendix H Contact details for competitors in the Non-Bidding Market

Name	Operational summary	Address	Phone no.	Website	Contact
South Core Ltd	Manufacturer of cardboard, tubing, serviettes, napkins, paper bags, contract slitting, sheeting	354 Ferry Road, Phillipstown, Christchurch, 8011	03 381 2632	N/A	Contact company for further information
Core Blimey Ltd	Manufacturer and supplier of packaging products including mailing tubes, bubblewrap, cardboard boxes, singlet bags	43 Grayson Ave, Manukau, Auckland	09 278 2350	www.coreblimey.com	Owners Rob and Vicki Greenbury: rob@coreblimey.com/vicki@coreblimey.com
Raven Rolls Ltd	Manufacturer and distributor of spiral wound cardboard tubes, fabrications and associate fittings	43 Grayson Ave, Papatoetoe, Manukau, Auckland	09 915 5266	www.ravenrolls.co.nz	info@ravenrolls.co.nz
Waters & Farr Ltd	Manufacturer of solid wall polyethylene pipe for infrastructure pressure pipelines, cable and communication ducting, and low pressure rural pipe systems.	105 Neilson Street, Onehunga, Auckland	09 622 4036	www.watersandfarr.co.nz	Alan Paterson, General Manager alanp@watersandfarr.co.nz
Everitt Site Supplies Ltd	Independent on site concrete consultation and delivery service	Unit 6/28 Anvil Road, Silverdale, Auckland	09 426 8101	www.everitts.co.nz	sales@everitts.co.nz
Interflow Pty Ltd	Provider in Australia and New Zealand of repair, restoration and renewal services for deteriorated underground non-pressure pipelines.	Unit 9/31 William Pickering Drive Albany, Auckland 0632	09 415 3084	www.interflow.com.au	mail@interflow.com.au

Appendix I Confidential information

Confidential - removed