Restructuring and other items in the fourth quarter of 2011 were a net expense of $0.3 million ($0.4 million after tax). Restructuring and other items, the details of which were explained earlier under the annual financial results, consisted of severance costs for the Paris Label plant of $0.8 million (with no tax effect), partially offset by a gain of $0.5 million ($0.4 million after tax) related to the final settlement of residual lease payments and closure costs for the Tube Segment's Los Angeles facility move.

In the fourth quarter of 2010 a loss related to severance costs for the Container operations of $0.2 million (with no tax effect) was recorded to restructuring and other items.

Tax expense in the fourth quarter of 2011 was $6.0 million compared to $3.3 million in the prior year period. Both periods reflected an accounting benefit related to the Canadian tax losses; however, the benefit of $0.9 million recognized in the current quarter was less than the $2.2 million recorded in 2010. Excluding the benefit from Canadian tax losses, the overall effective tax rate was 29.7% in 2011 compared to 32.7% in the prior year period. This decrease reflects a favourable mix of income earned in lower taxed jurisdictions versus higher taxed jurisdictions.

The net earnings in the fourth quarter of 2011 were $18.4 million compared to net earnings of $13.3 million in last year's fourth quarter. This increase reflects the items described above.

Earnings per Class B share were $0.55 in the fourth quarter of 2011 compared to $0.41 in the fourth quarter of 2010. The movement in foreign currency exchange rates in the fourth quarter of 2011 versus 2010 had an estimated negative impact of $0.02 on basic earnings per Class B share.

Restructuring and other items had a negative impact on earnings of $0.02 per Class B share in the fourth quarter of 2011 and $0.01 per Class B share in the prior year period.

Adjusted basic earnings per Class B share (a non-IFRS measure; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A below) were $0.57 in the fourth quarter of 2011, an improvement of 35.7% compared to $0.42 in the corresponding quarter of 2010.

Summary of Seasonality and Quarterly Results

The seasonality of the business has evolved over the last few years with the first and second quarters generally being the strongest due to the number of work days and various customer related activities. Also, there are many products that have a spring-summer bias in North America and Europe such as agricultural chemicals and certain beverage products, which generate additional sales volumes for CCL in the first half of the year. The last two quarters of the year are negatively affected from a sales perspective by summer vacation in the northern hemisphere, Thanksgiving and the holiday season shutdowns at the end of the fourth quarter.

Sales and net earnings comparability between the quarters of 2011 and 2010 was primarily affected by the instability of the global economic recovery, the impact of dramatic foreign currency changes relative to the Canadian dollar, and the effect of restructuring, tax adjustments and other items.

The Label Segment has generally experienced strong demand in its existing and newly acquired operations in the past few years. The Segment increased sales, excluding the impact of currency translation, in all four quarters of 2011, primarily driven by strong organic growth and augmented slightly by the Sertech acquisition in the final three quarters of the year. Sales in the fourth quarter of 2011 improved 12.6% compared to the fourth quarter of 2010 driven by double-digit growth in North America, Latin America and the Asia Pacific regions. Sales in Europe were also up high single digits. The growth rate in the fourth quarter of 2011 was indicative of a stronger consumer market in the United States, new customer branding and design initiatives, stable demand for Healthcare products and a persistent strong economic growth rate in the emerging markets.

Return on sales (a non-IFRS measure; see "Key Performance Indicators and Non-IFRS Measures" in Section 5A below) for the Label Segment in 2011 was 14.1% compared to 14.9% in 2010. The decline in margin reflects the current mix of products, start-up costs at new plants, pricing pressures and particularly the difficulties of passing through raw material cost inflation in a soft global economy. This level of return is still above CCL's internal targets and reflects the Segment's continued strategy of capitalizing each operation with world-class equipment, servicing its international customers on a global basis and meeting their unique product needs.

Sales, excluding foreign currency translation, at the Container Segment increased 10.8% for 2011 compared to 2010. This improvement was driven by volume growth in the Mexican operations, and pricing controls plus better mix in the United States. For the fourth quarter of 2011 sales increased $4.0 million compared to the fourth quarter of 2010, led by improved pricing and product mix on flat volumes for the Segment. Operations in the U.S. and Mexico produced solid profitability for the 2011 year and the Canadian operation delivered operating income in both the third and fourth quarters as it executed its turnaround plan.