Beverage Packaging Holdings (Luxembourg) II S.A.
Société anonyme
Registered office: 6C, Parc d'Activités Syrdall,
L-5365, Munsbach
R.C.S. Luxembourg : B 128.914

HOLDER NOTIFICATION

21 October 2009

Beverage Packaging Holdings (Luxembourg) II S.A. ("the Company")

Re: €480,000,000 8% Senior Notes due 2016 (ISIN XSO307398502) ("Senior Notes")
€420,000,000 9½% Senior Subordinated Notes due 2017 (ISIN XSO307399062) ("Senior Subordinated Notes" and, together with the Senior Notes, the "Notes")

Beverage Packaging Holdings (Luxembourg) II S.A. (the "Issuer") announced on October 15, 2009 the intention of its indirect sister company, Beverage Packaging Holdings (Luxembourg) III S.à r.l. ("BPIII") to acquire, directly or through its wholly owned subsidiaries (together, the "Purchasers"), the Closure Systems International group of companies (the "CSI Group") and the Reynolds Consumer Products group of companies (the "RCP Group" and, together with the CSI Group, the "Reynolds Group") (the "Acquisition").

Further information in respect of the Acquisition can be found at the Issuer's website which can be accessed at the following link: http://www.bevpackholdings.com

This Company announcement is not an offer to sell or a solicitation of an offer to purchase the New Financing Indebtedness in the United States and shall not constitute an offer, solicitation or sale in any state or jurisdiction in which, or to any person to whom such an offer, solicitation or sale would be unlawful. The New Financing Indebtedness has not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to U.S. persons absent registration or an applicable exemption from registration requirements. Any public offering of the New Financing Indebtedness to be made in the United States will be made by means of a prospectus that may be obtained from any issuer of the New Financing Indebtedness (a "New Issuer") and that will contain detailed information about management, BPI, its consolidated subsidiaries and the Company (together, the "Bev. Pack Group"), any New Issuer and the Reynolds Group as well as financial statements of any New Issuer, the Bev. Pack Group and the Reynolds Group.

Enquiries:
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enquiries@bevpackholdings.com

Name: Allen Hugli
Title: Authorised Signatory

Name: Helen Golding
Title: Authorised Signatory

Enquiries:
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Name: Allen Hugli
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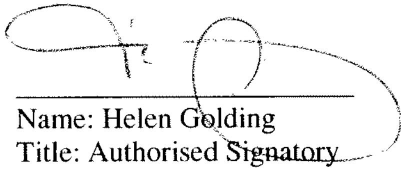

Name: Helen Golding
Title: Authorised Signatory

INFORMATION STATEMENT

This information statement presents certain information regarding the two business that are to be acquired by a subsidiary of Reynolds Group Holdings Limited ("RGHL"), the parent of Beverage Packaging Holdings (Luxembourg) II S.A., pursuant to a previous announcement (the "RGHL Acquisition") of 100% of the shares of (i) Reynolds Group Holdings Inc. and Reynolds Consumer Products (Luxembourg) S.à r.l. (together "Reynolds Consumer") and (ii) CSI International Lux ("Closures"). This information statement includes detailed information regarding the Closures and Reynolds Consumer businesses and a description of the recent developments of RGHL, Reynolds Consumer and Closures, certain limited pro forma financial data for RGHL, Reynolds Consumer and Closures as a combined group ("RGHL Group" or the "RGHL Group Successor") after completion of the RGHL Acquisition, Selected Historical Consolidated and Historical Combined Financial Data and Operating And Financial Review and Prospects for Reynolds Consumer and Closures. References to "Closures Predecessor" mean Alcoa Inc.'s ("Alcoa's") closures business prior to the consummation of the Reynolds Acquisition. References to "Closures Successor" mean Closure Systems International B.V. and its consolidated subsidiaries after the consummation of the Reynolds Acquisition. References to "LTM Period" mean twelve months ended June 30, 2009. References to "Reynolds Acquisition" mean the series of acquisitions of Alcoa's packaging and consumer business indirectly by Graeme Hart, our strategic owner which were substantially consummated on February 29, 2008. References to "Reynolds Predecessor" mean to Alcoa's consumer products business prior to the consummation of the Reynolds Acquisition and references to "Reynolds Successor" mean Alcoa's consumer products business and its consolidated subsidiaries after the consummation of the Reynolds Acquisition.

SPECIAL NOTE OF CAUTION REGARDING FORWARD-LOOKING STATEMENTS

The attached information statement includes forward-looking statements. Forward-looking statements include statements regarding our goals, beliefs, plans or current expectations, taking into account the information currently available to our management. Forward-looking statements are not statements of historical fact. For example, when we use words such as "believe," "anticipate," "expect," "estimate," "intend," "should," "would," "could," "may," "will" or other words that convey uncertainty of future events or outcome, we are making forward-looking statements. We have based these forward-looking statements on our management's current view with respect to future events and financial performance. These views reflect the best judgment of our management but involve a number of risks and uncertainties which could cause actual results to differ materially from those predicted in our forward-looking statements and from past results, performance or achievements. Although we believe that the estimates and the projections reflected in the forward-looking statements are reasonable, such estimates and projections may prove to be incorrect, and our actual results may differ from those described in our forward-looking statements as a result of the following risks, uncertainties and assumptions, among others:

- risks related to the cost of raw materials and the limited number of suppliers we use for those materials;
- risks related to our substantial indebtedness and our ability to service our indebtedness;
- risks related to our aluminum hedging activities may result in significant losses and in period-to-period earnings volatility;
- risks related to our material weaknesses in our internal controls over financial reporting within our Reynolds Consumer and Closures segments;
- risks related to our suppliers for raw material and any interruption to our supply of raw material;
- risks related to downturns in our target markets;
- risks related to increases in interest rates which would increase the cost of servicing our debt;

- risks related to dependence on the protection of our intellectual property and the development of new products;
- risks related to exchange rate fluctuations;
- risks related to the consolidation of our customer base, competition and pricing pressure;
- risks related to the impact of a loss of one of our manufacturing facilities; and
- risks related to our dependence on key management and other highly skilled personnel.

This list of risks is not exhaustive. Other additional factors could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above or contained elsewhere in the attached information.

MARKET DATA

We operate in markets for which it is difficult to obtain precise and current industry and market information. All statements made in this information statement regarding our position in the markets in which we operate, including market data, certain economics data and forecasts, were estimated or derived based upon assumptions we deem reasonable and from our own research, surveys or studies conducted by third-parties, primarily Canadean, Landell Mills, Pack-Marketing, AC Nielsen, Freedonia, Gesellschaft fu¨r Verpackungsmarkforschung and Euromonitor, and other industry or general publications. There is no single third party source for any of our market shares or total market size. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. In addition, many of the sources are from 2007 and have not been updated to reflect current market conditions. While we believe that each of these studies and publications is reliable, neither we nor the initial purchaser have independently verified any of the data from third-party sources, nor have we or the initial purchasers ascertained the underlying economic assumptions relied upon therein, and neither we nor the initial purchaser make any representation as to the accuracy of such information. Similarly, we believe our internal research with respect to our markets is reliable, but it has not been verified by any independent sources and we cannot assure you that it is accurate. In particular, historical data on the beverage package manufacturing market do not have a universally recognized authoritative source.

Some of the surveys and sources we rely on have been compiled by our advisors and are not publicly available and accordingly may not be considered to be as independent as other third-party sources. These sources are all more than a year old.

In addition, in many cases we have made statements in this information statement regarding our markets and our position in such markets based on our experience and our own investigation of market conditions. We cannot assure you that any of these assumptions are accurate or correctly reflect our position in the markets in which we operate and none of our internal surveys or information has been verified by any independent sources.

IMPORTANT NOTICE

The attached information is not an offer to sell or a solicitation of an offer to purchase any security in the United States or elsewhere and shall not constitute an offer, solicitation or sale in any state or jurisdiction in which, or to any person to whom such an offer, solicitation or sale would be unlawful. No securities have been registered under the United States Securities Act of 1933, as amended, and no securities may be offered or sold within the United States or to U.S. persons absent registration or an applicable exemption from registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from any issuer of such securities and that will contain detailed information about us.

RECENT DEVELOPMENTS

Recent Developments

While we have yet to finalize the financial statements of RGHL Group, Reynolds Consumer Group or Closures Group their preliminary financial results for the three months ended September 30, 2009 are set out below.

RGHL Group

We currently expect the RGHL Group to report revenue, profit from operating activities and Historical Adjusted EBITDA for the three months ended September 30, 2009 as set forth in the table below:

	Three Months Ended Sept. 30,	
	2008	2009
	(In € millions)	
RGHL Group		
Revenue	€ 306.0	€315.0 - 325.0
Profit from Operating Activities	€ 15.0	€30.0 - 35.0
Historical Adjusted EBITDA	€ 59.0(1)	€85.0 - 95.0(2)

(1) Historical Adjusted EBITDA is derived by adding back to the profit from operating activities, €45 million for depreciation and amortization expense and deducting €1 million for the impact of equity accounted non-cash distributed results for the three months ended September 30, 2009.

(2) We believe that providing estimates of the amount that would be required to reconcile the range of Historical Adjusted EBITDA to forecasted profit from operating activities would imply a degree of precision that could be confusing or misleading.

We believe that the increase in RGHL Group revenue for the three months ended September 30, 2009 compared to the three months ended September 30, 2008 was primarily due to an increase in the number of carton sleeves sold mainly outside Europe, particularly in China where revenue for the three months ended September 30, 2008, was negatively impacted by the effect of the melamine contamination of milk in China. Profit from Operating Activities and Historical Adjusted EBITDA increased in the three months ended September 30, 2009 compared to the three months ended September 30, 2008 due to the increase in the number of carton sleeves sold as well as lower input costs due to lower resin and aluminum prices and the benefit of the completed and ongoing cost saving programs.

Reynolds Consumer

We believe that Reynolds Consumer revenue decreased to approximately $267 million to $278 million for the three months ended September 30, 2009 compared to $352 million for the three months ended September 30, 2008. The largest component of this decrease was the impact from Reynolds Consumer exiting certain low margin or unprofitable product lines primarily in the United States but also in the United Kingdom. The revenue from these exited product lines was included in total revenue for the three months ended September 30, 2008 but not for the three months ended September 30, 2009. In Reynolds Branded lower aluminum prices resulted in a decrease in revenue primarily due to a decrease in the selling price of products due to lower manufacturing costs. In addition, the prevailing economic conditions in North America resulted in a small decline in the overall aluminum foil market and, as a result Reynolds Branded volumes, as well as a shift by some consumers from branded to store branded products in the three months ended September 30, 2009 compared to the three months ended September 30, 2008. In addition, Store Branded experienced a decrease in revenue primarily due to lower resin prices in the three months ended September 30, 2009 compared to the three months ended September 30, 2008.

Closures

We believe that Closures revenue was approximately $255 million to $265 million for the three months ended September 30, 2009 compared to $262 million for the three months ended September 30, 2008. The number of units sold increased materially during the three months ended September 30, 2009. However, this increase in volume was

offset by unfavorable currency fluctuations as well as the impact of lower resin prices which resulted in lower selling prices due to lower manufacturing costs.

The expected results described above for RGHL Group, Reynolds Consumer and Closures for the three months ended September 30, 2009 are estimates and are subject to change. We have not completed our normal quarterly close and management review procedures. There can be no assurance by either the RGHL Group, Reynolds Consumer or Closures that the final results for this three month period will not materially differ from these estimates, as a result of the quarter-end closing procedures. In addition, these estimates should not be viewed as a substitute for full interim financial statements prepared in accordance with IFRS or as a measure of our performance. Finally you should be aware that our results for the three months ended September 30, 2009 are unaudited. As a result of the foregoing considerations you are cautioned not to place undue reliance on this preliminary financial information. See “Special Note of Caution Regarding Forward-Looking Statements.”

PRO FORMA OTHER FINANCIAL DATA

	Pro Forma RGHL Combined Group			
	Year Ended December 31,	Six Months Ended June 30,		LTM
	2008	2008	2009	Period(2)
	(IFRS)	(IFRS)	(IFRS)	(IFRS)
	(In € millions, except ratios)			
Pro Forma Other Financial Data:				
Total capital expenditures:	€ 152.4	€ 68.3	€ 83.9	€ 168.0
Property, plant and equipment (excluding filling machines)	100.4	36.4	59.5	123.5
Filling machines	52.0	31.9	24.4	44.5
RGHL Combined Group EBITDA(3)				375.2
RGHL Combined Group Historical Adjusted EBITDA(4)				564.5
RGHL Combined Group Pro Forma Adjusted EBITDA(4)				599.0
Net cash interest expense(5)				218.3
Pro Forma Credit Statistics:				
At Period End:				
Total net senior secured debt(6)				2,043.2
Total net senior debt(7)				2,523.2
Total net debt(8)				2,943.2
Total net senior secured debt to RGHL Combined Group Pro Forma Adjusted EBITDA				3.4x
Total net senior debt to RGHL Combined Group Pro Forma Adjusted EBITDA				4.2x
Total net debt to RGHL Combined Group Pro Forma Adjusted EBITDA				4.9x
RGHL Combined Group Pro Forma Adjusted EBITDA to net cash interest expense				2.7x
Ratio of earnings to fixed charges(9)				0.2x

(1) Intentionally omitted.

(2) The LTM Period is calculated as follows: (i) financial information for the year ended December 31, 2008 less (ii) financial information for the six months ended June 30, 2008 plus (iii) financial information for the six months ended June 30, 2009.

(3) RGHL Combined Group EBITDA, a measure used by our management to measure operating performance, is defined as profit (loss) from continuing operations before income tax expenses, net financial expenses, depreciation of property, plant and equipment and amortization of intangible assets, EBITDA is not a measure of our financial condition, liquidity or profitability and should not be considered as a substitute for profit (loss) for the year, operating profit or any other performance measures derived in accordance with IFRS or as a substitute for cash flow from operating activities as a measure of our liquidity in accordance with IFRS. Additionally, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not take into account certain items such as interest and principal payments on our indebtedness, depreciation and amortization expense, working capital needs, tax payments, and capital expenditures. We believe that the inclusion of EBITDA in this information statement is appropriate to provide additional information about our operating performance and to provide a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. Because not all companies calculate EBITDA identically, this presentation of RGHL Combined Group EBITDA may not be comparable to other similarly titled measures in other companies. The following table reconciles RGHL Combined Group EBITDA calculation presented above to our profit (loss) from continuing operations for the period

presented:

	Pro Forma RGHL Combined Group LTM Period(a)
	(In € millions)
Profit (loss) from continuing operations	**€ (149.1)**
Income tax (benefit) expense	(40.9)
Net financial expenses	285.3
Depreciation and amortization	279.9
RGHL Combined Group EBITDA	**€ 375.2**

(4) RGHL Combined Group Adjusted EBITDA is calculated as RGHL Combined Group EBITDA adjusted for particular items relevant to explaining operating performance. These adjustments include significant items of a non-recurring or unusual nature that cannot be attributed to ordinary business operations, restructuring and redundancy costs, gains and losses in relation to the valuation of derivatives and the full-period effect for businesses acquired after the beginning of a period. RGHL Combined Group Pro Forma Adjusted EBITDA is defined as RGHL Combined Group Adjusted EBITDA as adjusted to provide full-period effect to the implemented cost saving programs. Adjusted EBITDA is not a presentation made in accordance with IFRS, is not a measure of financial condition, liquidity or profitability and should not be considered as an alternative to loss for the period determined in accordance with IFRS or operating cash flows determined in accordance with IFRS. The determination of Historical Adjusted EBITDA and Pro Forma Adjusted EBITDA contains a number of estimates and assumptions that may prove to be incorrect and differ materially from actual results . Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not take into account certain items such as interest and principal payments on our indebtedness, depreciation and amortization expense, working capital needs, tax payments, and capital expenditures. We believe that the presentation of Adjusted EBITDA and Pro Forma Adjusted EBITDA in this information statement is appropriate to provide additional information about our operating performance and to provide a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. Because not all companies calculate Adjusted EBITDA and Pro Forma Adjusted EBITDA identically, this presentation of Adjusted EBITDA and Pro Forma Adjusted EBITDA may not be comparable to the similarly titled measures of other companies. The following table reconciles RGHL Combined Group EBITDA calculations presented above to RGHL Combined Group Adjusted EBITDA and RGHL Combined Group Adjusted EBITDA to RGHL Combined Group Pro Forma Adjusted EBITDA for the period presented:

	Pro Forma RGHL Combined Group LTM Period(a)(b)
	(In € millions)
RGHL Combined Group EBITDA	**€ 375.2**
Restructuring costs(b)	43.9
Acquisition transition costs(c)	13.3
Unrealized losses on derivative instruments(d)	53.1
Elimination of impact of Reynolds Acquisition derivative instruments(e)	15.1
Elimination of impact of previous hedging policy(f)	60.2
Other(g)	3.7
RGHL Combined Group Adjusted EBITDA	**564.5**
Full period effect of cost saving programs(h)(i)(j)	34.5
RGHL Combined Group Pro Forma Adjusted EBITDA	**€ 599.0**

(a) The financial information for the LTM Period is calculated as follows: (i) financial information for the year ended December 31, 2008 less (ii) financial information for the six months ended June 30, 2008 plus (iii) financial information for the six months ended June 30, 2009.

(b) Reflects restructuring costs relating to cost saving programs. The adjustment comprises RGHL expense of €16.3 million, Reynolds Consumer expense of $23.7 million and Closures expense of $10.8 million.

(c) Reflects incremental costs associated with transitioning the Reynolds Consumer and Closures businesses from Alcoa, including costs related to IT systems and duplicate shared services during the transition period. The adjustment comprises Reynolds Consumer expense of $16.8 million and Closures expense of $1.4 million.

(d) Reflects unrealized losses arising from the mark to market of derivative instruments used primarily for the hedging of commodities and foreign exchange. The adjustment comprises RGHL unrealized losses of €4.5 million, Reynolds Consumer unrealized losses of $77.4 million and Closures unrealized losses of $1.0 million.

(e) Reflects expense of $21.3 million relating to the amortization of the value of the transfer of open aluminum derivative instruments from Rank Group to Reynolds Consumer in connection with the Reynolds Acquisition.

(f) Reflects the net adjustment of $82.2 million to Reynolds Consumer to remove the impact of the realized losses resulting from our previous aluminum hedging policy, which was terminated in October 2008.

(g) Reflects (i) an expense of $1.9 million incurred by Reynolds Consumer in connection with the restructuring and consolidation of manufacturing facilities, including the relocation of manufacturing equipment, (ii) an impairment charge relating to the write-down of non-current assets to their recoverable amount of €3.2 million recognized by RGHL and of $0.3 million recognized by Reynolds Consumer, (iii) an expense of €3.1 million recognized by RGHL in connection with a dispute regarding an outstanding customs duty arising from the classification of aluminum import tariffs in Thailand, (iv) an adjustment of €4.0 million to deduct RGHL equity accounted results of joint ventures to the extent that they are not distributed in cash, (v) a gain of €1.0 million on the sale of non-strategic investment property by RGHL, (vi) a $0.1 million contribution of the Closures business included in the Reynolds Acquisition that were acquired between March 1, 2008 and July 1, 2008, as if they had been acquired on February 29, 2008 and the $0.4 million contribution to Closures of the acquisition of CSI Guadalajara on September 23, 2008, as if it had been acquired on January 1, 2008, and (vii) the removal of $0.4 million for Reynolds Consumer and $0.2 million for Closures of the Alcoa IT recharges in relation to the Oracle EBS conversion, which comprises depreciation and amortization, net of a gain of $0.2 million realized on a derivative instrument.

(h) Reflects the full period effect of implemented cost saving programs. The adjustment comprises RGHL cost savings of €8.0 million, Reynolds Consumer cost savings of $28.4 million and Closures cost savings of $8.0 million.

(i) All amounts converted at the weighted average exchange rate in the period in which the relevant transaction occurred.

(i) Intentionally omitted.

(5) Net cash interest expense, excluding any expense related to the assumed original issued discount and amortization of debt issuance costs.

(6) Total net senior secured debt represents total senior secured debt less cash and cash equivalents.

(7) Total net senior debt represents total senior debt less cash and cash equivalents.

(8) Total net debt represents total debt less cash and cash equivalents.

(9) For purposes of calculating the ratio of earnings to fixed charges, earnings represent income before income taxes from continuing operations before adjustments for minority interests and equity from affiliates plus fixed charges and distributed income of equity of investees. Fixed charges include the sum of interest expensed, amortized, discounts and capitalized expenses related to indebtedness, and an estimate of the interest within rental expense.

SELECTED HISTORICAL CONSOLIDATED AND HISTORICAL COMBINED FINANCIAL DATA

RGHL

The following tables set forth selected historical consolidated data of the RGHL Predecessor and the historical consolidated financial data of the RGHL Group Successor. RGHL acquired SIG Combibloc, Group A.G. (formerly known as SIG Holdings A.G.) ("SIG Combibloc" or the "RGHL Predecessor") the RGHL Predecessor pursuant to a public tender offer on May 11, 2007 and a subsequent squeeze-out of minority shareholders that was completed on November 7, 2007. Prior to the acquisition of the RGHL Predecessor, the RGHL Group Successor had no significant operations. We refer to SIG prior to May 11, 2007 as the "RGHL Predecessor" and the RGHL Group as the "RGHL Group Successor" for purposes of the presentation of the financial information below. The RGHL Predecessor results of operations for the period from January 1, 2007 to May 10, 2007 have been aggregated with the results of operations of the RGHL Group Successor for the period from May 10, 2007 to December 31, 2007 to illustrate the results of operations of the RGHL Group Successor for the twelve months ended December 31, 2007 as if the RGHL Group Successor had ownership of the RGHL Predecessor for the full twelve months ended December 31, 2007. Prior to the acquisition of SIG Combibloc, RGHL had no significant operations. This aggregation process has not been subject to an audit and is not a presentation permitted under either IFRS or U.S. GAAP.

The selected historical consolidated financial data of the RGHL Predecessor as of and for the year ended December 31, 2006 and for the period from January 1, 2007 to May 10, 2007 have been derived from SIG's audited consolidated financial statements. The selected historical financial data of the RGHL Predecessor as of and for the years ended December 31, 2004 and 2005 have been derived from the RGHL Predecessor's audited consolidated financial statements. The selected historical consolidated financial data of the RGHL Group Successor as of and for the years ended December 31, 2007 and 2008 has been derived from the RGHL Group's Successor audited consolidated financial statements. The selected historical consolidated financial data of the RGHL Group Successor as of and for the six months ended June 30, 2008 and 2009 have been derived from the RGHL Group's unaudited interim consolidated financial statements.

The interim unaudited condensed consolidated financial statements of the RGHL Group Successor have been prepared on the same basis as the audited annual consolidated financial statements of the RGHL Group Successor and, in the opinion of our management, reflect all adjustments, including recurring accruals and adjustments, necessary for a fair presentation of our financial condition and results of operations for such periods. Results of operations for these interim periods are not necessarily indicative of results to be expected for any full fiscal year.

The following selected historical financial data have been prepared in accordance with IFRS. However, the aggregation process of RGHL Predecessor results of operations for the period from January 1, 2007 to May 10, 2007 with the results of operations of the RGHL Group Successor for the year ended December 31, 2007 to illustrate the results of operations of the RGHL Group Successor for the twelve months ended December 31, 2007 has not been subject to an audit and is a non GAAP measure that is not permitted under either IFRS or U.S. GAAP.

The following data should be read in conjunction with the "Operating and Financial Review and Prospects."

	RGHL Predecessor				RGHL Group Successor	Aggregated (RGHL Predecessor and RGHL Group Successor)	RGHL Group Successor			
	Year Ended December 31,			January 1 to May 10,	Year Ended December 31,	Year Ended December 31,	Year Ended December 31,	Six Months Ended June 30,		LTM
	2004(1)†	2005†	2006†	2007†	2007††	2007(2)*	2008††	2008+	2009+	Period(3)
	(IFRS)	(IFRS)	(IFRS)	(IFRS)	(IFRS)		(IFRS)	(IFRS)	(IFRS)	(IFRS)
	(In € millions)					(In € millions)				
Income Statement										
Revenue	€ 1,075.0	€ 1,097.0	€ 1,210.0	€ 427.0	€ 809.0	€ 1,236.0	€ 1,249.0	€ 613.4	€ 609.3	€ 1,244.9
Cost of sales	(821.0)	(888.0)	(970.0)	(345.0)	(676.0)	(1,021.0)	(1,018.0)	(504.8)	(474.9)	(988.1)
Gross profit	**254.0**	**209.0**	**240.0**	**82.0**	**133.0**	**215.0**	**231.0**	**108.6**	**134.4**	**256.8**
Other income	28.0	34.0	34.0	11.0	36.0	47.0	34.0	22.1	18.8	30.7
Selling, marketing and distribution expenses	(49.0)	(49.0)	(54.0)	(20.0)	(34.0)	(54.0)	(51.0)	(25.9)	(25.5)	(50.6)
General and administrative expenses	(149.0)	(121.0)	(132.0)	(31.0)	(102.0)	(133.0)	(128.0)	(63.8)	(69.8)	(134.0)
Other expenses	(2.0)	(3.0)	2.0	(2.0)	—	(2.0)	(1.0)	—	(4.8)	(5.8)
Share of profit of associates and joint ventures, net of income tax (equity method)	—	(3.0)	—	—	2.0	2.0	3.0	1.1	2.6	4.5
Profit (loss) from operating activities	**82.0**	**67.0**	**90.0**	**40.0**	**35.0**	**75.0**	**88.0**	**42.1**	**55.7**	**101.6**
Financial income	4.0	8.0	9.0	3.0	7.0	10.0	18.0	9.5	5.7	14.2
Financial expenses	(22.0)	(13.0)	(13.0)	(5.0)	(129.0)	(134.0)	(159.0)	(85.8)	(69.9)	(143.1)
Net financial expenses	**(18.0)**	**(5.0)**	**(4.0)**	**(2.0)**	**(122.0)**	**(124.0)**	**(141.0)**	**(76.3)**	**(64.2)**	**(128.9)**
Profit (loss) before income tax	**64.0**	**62.0**	**86.0**	**38.0**	**(87.0)**	**(49.0)**	**(53.0)**	**(34.2)**	**(8.5)**	**(27.3)**
Income tax benefit (expense)	(22.0)	(24.0)	(24.0)	(8.0)	—	(8.0)	14.0	4.1	(17.3)	(7.4)
Profit (loss) from continuing operations	**42.0**	**38.0**	**62.0**	**30.0**	**(87.0)**	**(57.0)**	**(39.0)**	**(30.1)**	**(25.8)**	**(34.7)**
Profit (loss) from discontinued operations, net of income tax	(208.0)	9.0	4.0	4.0	5.0	9.0	30.0	28.4	—	1.6
Profit (loss) for the period	**€ (166.0)**	**€ 47.0**	**€ 66.0**	**€ 34.0**	**€ (82.0)**	**€ (48.0)**	**€ (9.0)**	**€ (1.7)**	**€ (25.8)**	**€ (33.1)**
Attributable to:										
Equity holders of the Parent	(166.0)	47.0	66.0	34.0	(82.0)	(48.0)	(9.0)	(1.7)	(25.8)	(33.1)
Minority interests	—	—	—	—	—	—	—	—	—	

(1) RGHL Predecessor financial information for 2004 has been restated to present SIG Beverages as a discontinued operation.

(2) Aggregated (RGHL Predecessor and RGHL Group Successor) is calculated as the addition of the RGHL Predecessor and RGHL Group Successor financial statements. The aggregation process has not been subject to an audit and is not a presentation permitted under either IFRS or U.S. GAAP. We present the aggregated (RGHL Predecessor and RGHL Group Successor) information because we believe that it provides a meaningful comparison of operating results by enabling twelve months of fiscal 2007 to be compared with fiscal 2006 and fiscal 2008, adjusting for the impact of the SIG Transaction.

(3) The LTM Period is calculated as follows: (i) RGHL Group Successor for the year ended December 31, 2008 less (ii) RGHL Group Successor for the six months ended June 30, 2008 plus (iii) RGHL Group Successor for the six months ended June 30, 2009.

† Derived from the audited financial statements of the RGHL Predecessor.

†† Derived from the audited financial statements of the RGHL Group Successor.

\+ Derived from the unaudited financial statement of the RGHL Group Successor.

* Derived from the underlying audited financial statements of the RGHL Predecessor for the period from January 1, 2007 to May 10, 2007 and the RGHL Group Successor for the period from May 10, 2007 to December 31, 2007, which have been aggregated. Prior to the acquisition of SIG, the RGHL Group Successor had no significant operations.

	RGHL Predecessor			RGHL Group Successor		
	As of December 31,			As of December 31,		As of June 30,
	2004† (IFRS)	2005† (IFRS)	2006† (IFRS)	2007†† (IFRS)	2008†† (IFRS)	2009+ (IFRS)
		(In € millions)			(In € millions)	
Balance Sheet Data						
Cash and cash equivalents	€ 115.0	€ 292.0	€ 221.0	€ 199.0	€ 133.2	€ 185.0
Trade and other receivables — current	181.0	94.0	102.0	202.0	159.4	124.4
Inventories	241.0	151.0	149.0	122.0	130.2	130.5
Property, plant and equipment	398.0	386.0	389.0	477.0	475.3	455.6
Investment property	46.0	41.0	43.0	82.0	58.7	54.6
Intangible assets	90	94.0	88.0	1,221.0	1,142.7	1,104.9
Total assets	**1,263.0**	**1,220.0**	**1,141.0**	**2,532.0**	**2,357.2**	**2,325.5**
Trade and other payables — current	196.0	188.0	216.0	168.0	130.4	147.4
Interest bearing borrowings — current	6.0	111.0	103.0	582.0	486.7	509.7
Interest bearing borrowings — non-current	264.0	263.0	162.0	1,461.0	1,341.0	1,343.2
Total liabilities	**895.0**	**787.0**	**690.0**	**2,586.0**	**2,295.9**	**2,328.3**
Net assets	**€ 368.0**	**€ 433.0**	**€ 451.0**	**€ (54.0)**	**€ 61.3**	**€ (2.8)**

† Derived from the audited financial statements of the RGHL Predecessor.

†† Derived from the audited financial statements of the RGHL Group Successor.

\+ Derived from the unaudited financial statement of the RGHL Group Successor.

Reynolds Consumer Group

The following tables set forth selected historical consolidated financial data of the Reynolds Consumer Group. In 2008, the Reynolds Acquisition was consummated for $2.7 billion in cash. Businesses acquired in the Reynolds Acquisition included the businesses of Alcoa that will become, following the RGHL Transaction, our Reynolds Consumer and Closures segments as well as the food and flexible packaging division of Alcoa, which we are not acquiring.

The Reynolds Acquisition was consummated on February 29, 2008 in 20 countries, including the U.S. Due to certain jurisdictional requirements the acquisition of the operations in the remaining six countries was consummated during the period from February 28, 2008 through July 31, 2008.

The selected historical combined financial data of the Reynolds Consumer Predecessor as of and for the years ended December 31, 2006 and 2007 and for the two months ended February 29, 2008 has been derived from Reynolds Consumer Group's audited combined financial statements. The selected historical combined financial data of the Reynolds Consumer Predecessor as of and for the year ended December 31, 2005 has been derived from Reynolds Consumer Group's audited consolidated financial statements. The Reynolds Consumer Successor financial data as of and for the year ended December 31, 2008 has been derived from the audited combined financial statements of the Reynolds Consumer Successor.

The interim unaudited condensed combined financial statements of the Reynolds Consumer Successor have been prepared on the same basis as the audited annual consolidated financial statements of the Reynolds Consumer Successor and, in our opinion, reflect all adjustments, including recurring accruals and adjustments, necessary for a fair presentation of our financial condition and results of operations for such periods. Results of operations for interim periods are not necessarily indicative of results to be expected for any full fiscal year.

The financial data of the Reynolds Consumer Predecessor has been derived from Alcoa's audited consolidated financial statements prepared in accordance with U.S. GAAP. The Reynolds Consumer Successor primary financial statements are presented in accordance with IFRS. These successor financial statements include a reconciliation between net income under IFRS and the net income under U.S. GAAP, and a reconciliation between shareholder's equity under IFRS and shareholder's equity under U.S. GAAP. Certain differences exist between IFRS and U.S. GAAP, some of which may be material to the information presented for periods prior to fiscal 2008. We have not prepared a reconciliation for periods prior to fiscal 2008 of the Reynolds Consumer Predecessor combined financial statements and related footnote disclosures between U.S. GAAP and IFRS and have not quantified such differences.

Given the potential for differences between IFRS and U.S. GAAP, caution is required when comparing financial data across periods. Furthermore, certain presentations and classifications in the U.S. GAAP Closures Predecessor financial statements are inconsistent with the Reynolds Consumer Successor IFRS presentations.

	Reynolds Consumer Predecessor				Reynolds Consumer Successor	Aggregated (Reynolds Consumer Predecessor and Reynolds Consumer Successor)	Reynolds Consumer Successor	Aggregated (Reynolds Consumer Predecessor and Reynolds Consumer Successor)	Reynolds Consumer Successor	
	Year Ended December 31,			January 1 to February 29,	Year Ended December 31,	Year Ended December 31,	Six Months Ended June 30,	Six Months Ended June 30,	Six Months Ended June 30,	
	2005†	2006†	2007†	2008†	2008(1)††	2008(2)*	2008(1)+	2008(2)**	2009+	LTM Period(3)
	(U.S. GAAP)	(U.S. GAAP)	(U.S. GAAP)	(U.S. GAAP)	(U.S. GAAP)				(U.S. GAAP)	
	(In $ millions)					(In $ millions)				
Income Statement										
Revenue	$ 1,189.2	$ 1,373.4	$ 1,431.6	$ 182.5	$ 1,216.0	$ 1,398.5	$ 453.8	$ 636.3	$ 553.7	$ 1,315.9
Cost of sales	(1,037.1)	(1,175.5)	(1,195.8)	(168.3)	(1,072.1)	(1,240.4)	(415.5)	(583.8)	(503.2)	(1,159.8)
Gross Profit	152.1	197.9	235.8	14.2	143.9	158.1	38.3	52.5	50.5	156.1
Other income	2.9	7.1	2.9	16.4	0.5	16.9	9.4	25.8	63.0	54.1
Selling, marketing and distribution expenses	(64.8)	(84.7)	(92.6)	(14.8)	(78.3)	(93.1)	(35.6)	(50.4)	(32.1)	(74.8)
General and administrative expenses	(19.6)	(23.4)	(24.5)	(3.3)	(40.1)	(43.4)	(14.6)	(17.9)	(25.7)	(51.2)
Other expenses	(199.5)	(3.2)	(65.5)	(0.2)	(159.1)	(159.3)	(7.7)	(7.9)	(5.7)	(157.1)
Share of profit from associates and joint ventures, net of income tax (equity method)	—	—	—	—	—	—	—	—	—	—
Profit (loss) from operating activities	(128.9)	93.7	56.1	12.3	(133.1)	(120.8)	(10.2)	2.1	50.0	(72.9)
Financial income	0.1	0.1	—	0.1	0.1	0.2	—	0.1	0.8	0.9
Financial expenses	(14.1)	(17.3)	(21.9)	(3.6)	(65.0)	(68.6)	(26.8)	(30.4)	(36.8)	(75.0)
Net financial expenses	(14.0)	(17.2)	(21.9)	(3.5)	(64.9)	(68.4)	(26.8)	(30.3)	(36.0)	(74.1)
Profit (loss) before income tax	(142.9)	76.5	34.2	8.8	(198.0)	(189.2)	(37.0)	(28.2)	14.0	(147.0)
Income tax benefit (expense)	(21.3)	(30.3)	(17.2)	(3.3)	69.7	66.4	8.6	5.3	(6.0)	55.1
Profit (loss) from continuing operations	(164.2)	46.2	17.0	5.5	(128.3)	(122.8)	(28.4)	(22.9)	8.0	(91.9)
Profit (loss) from discontinued operations, net of income tax	—	—	—	—	—	—		—	—	—
Profit (loss) for the period	$ (164.2)	$ 46.2	$ 17.0	$ 5.5	$ (128.3)	$ (122.8)	$ (28.4)	$ (22.9)	$ 8.0	$ (91.9)
Attributable to:										
Equity holders of the Parent	(164.2)	46.2	17.0	5.5	(128.3)	(122.8)	(28.4)	(22.9)	8.0	(91.9)
Minority interests	—	—	—	—	—	—	—	—	—	—

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† Derived from the audited financial statements of the Reynolds Consumer Predecessor.

†† Derived from the audited financial statements of the Reynolds Consumer Successor.

\+ Derived from the unaudited financial statement of the Reynolds Consumer Successor.

* Derived from the underlying audited financial statements of the Reynolds Consumer Predecessor for the period from January 1, 2008 to February 29, 2008 and the Reynolds Consumer Successor for the period from January 1, 2008 to December 31, 2008, which have been aggregated. The Reynolds Consumer Successor entity was dormant until the completion of the Reynolds Acquisition on February 29, 2008.

** Derived from the underlying audited financial statements of the Reynolds Consumer Predecessor for the period from January 1, 2008 to February 29, 2008 and the unaudited financial statements of the Reynolds Consumer Successor for the period from January 1, 2008 to June 30, 2008, which have been aggregated. The Reynolds

Consumer Successor entity was dormant until the completion of the Reynolds Acquisition on February 29, 2008.

(1) The Reynolds Consumer Successor entity was dormant until completion of the Reynolds Acquisition on February 29, 2008.

(2) Aggregated (Reynolds Consumer Predecessor and Reynolds Consumer Successor) is determined through the addition of the Reynolds Consumer Predecessor and Reynolds Consumer Successor financial statements. The aggregation process has not been subject to an audit and is not a presentation permitted under either IFRS or U.S. GAAP. We present the aggregated (Reynolds Consumer Predecessor and Reynolds Consumer Successor) information because we believe that it provides a meaningful comparison of operating results enabling twelve months of fiscal 2008 to be compared with fiscal 2006 and fiscal 2007, and the six months ended June 30, 2009 to be compared with the six months ended June 30, 2008, adjusting for the Reynolds Consumer portion of the Reynolds Acquisition.

(3) The LTM Period is calculated as follows: (i) aggregated (Reynolds Consumer Predecessor and Reynolds Consumer Successor) for the year ended December 31, 2008 less (ii) aggregated (Reynolds Consumer Predecessor and Reynolds Consumer Successor) for the six months ended June 30, 2008 plus (iii) Reynolds Consumer Successor for the six months ended June 30, 2009.

	Reynolds Consumer Predecessor As of December 31,			Reynolds Consumer Successor As of December 31,	As of June 30,
	2005† (U.S. GAAP)	2006† (U.S. GAAP)	2007† (U.S. GAAP)	2008†† (U.S. GAAP)	2009+ (U.S. GAAP)
		(In $ millions)		(In $ millions)	
Balance Sheet Data					
Cash and cash equivalents	$ 7.7	$ 5.4	$ 9.0	$ 85.1	$ 68.4
Trade and other receivables	105.4	115.8	115.3	219.8	321.9
Inventories	160.1	173.4	165.5	175.5	145.2
Property, plant and equipment	201.8	192.7	190.3	252.5	256.5
Intangibles	698.5	700.0	691.4	955.1	948.7
Total assets	**1,179.8**	**1,191.6**	**1,177.4**	**1,755.6**	**1,819.7**
Trade and other payables	72.9	66.1	89.7	277.3	378.6
Interest bearing borrowings—current	5.5	6.9	12.0	1,042.0	269.8
Interest bearing borrowings—non-current	—	—	—	—	782.1
Total liabilities	**264.0**	**253.6**	**281.9**	**1,556.7**	**1,613.2**
Net assets	**$ 915.8**	**$ 938.0**	**$ 895.5**	**$ 198.9**	**$ 206.5**

† Derived from the audited financial statements of the Reynolds Consumer Predecessor.

†† Derived from the audited financial statements of the Reynolds Consumer Successor.

\+ Derived from the unaudited financial statement of the Reynolds Consumer Successor.

Closures Group

The following tables set forth selected historical consolidated and combined financial data of the Closures Group.

The selected historical combined financial data of the Closures Predecessor as of and for the years ended December 31, 2006 and 2007 and for the two months ended February 29, 2008 has been derived from the Closures Group audited carve-out combined account. The selected historical combined financial data of the Closures Predecessor as of and for the year ended December 31, 2005 has been derived from Closures Predecessor's audited combined financial statements. The Closures Successor financial data as of and for the year ended December 31, 2008 has been derived from the audited consolidated financial statements of Closures B.V.

The interim unaudited condensed consolidated financial statements of Closures B.V. have been prepared on the same basis as the audited annual consolidated financial statements of Closures B.V. and, in our opinion, reflect all adjustments, including recurring accruals and adjustments, necessary for a fair presentation of our financial condition and results of operations for such periods. Results of operations for interim periods are not necessarily indicative of results to be expected for any full fiscal year.

The financial data of the Closures Predecessor has been derived from Alcoa's audited consolidated financial statements prepared in accordance with U.S. GAAP. The Closures Successor primary financial statements are presented in accordance with IFRS. These financial statements include a reconciliation between net income under IFRS and net income under U.S. GAAP, and a reconciliation between shareholder's equity under IFRS and shareholder's equity under U.S. GAAP. Certain differences exist between IFRS and U.S. GAAP, some of which may be material to the information presented for periods prior to fiscal 2008. We have not prepared a reconciliation of the Closures Predecessor financial statements and related footnote disclosures between U.S. GAAP and IFRS and have not quantified such differences prior to fiscal 2008.

Given the potential for differences between IFRS and U.S. GAAP, caution is required when comparing financial data across periods. Furthermore, certain presentations and classifications in the U.S. GAAP Closures Predecessor financial statements are inconsistent with the Closures Successor IFRS presentations.

	Closures Predecessor Year Ended December 31, 2005† (U.S. GAAP)	Closures Predecessor Year Ended December 31, 2006† (U.S. GAAP)	Closures Predecessor Year Ended December 31, 2007† (U.S. GAAP)	Closures Predecessor January 1 to February 29, 2008† (U.S. GAAP)	Closures Successor Year Ended December 31, 2008((1)††) (U.S. GAAP)	Aggregated (Closures Predecessor and Closures Successor) Year Ended December 31, 2008(2)*	Closures Successor Six Months Ended June 30, 2008(1)+ (U.S. GAAP)	Aggregated (Closures Predecessor and Closures Successor) Six Months Ended June 30, 2008(2)**	Closures Successor Six Months Ended June 30, 2009+ (U.S. GAAP)	Closures Successor LTM Period(3) (U.S. GAAP)
	(In $ millions)						(In $ millions)			
Income Statement										
Revenue	**$ 913.2**	**$ 978.8**	**$ 1,028.5**	**$ 160.7**	**$ 855.8**	**$ 1,016.5**	**$ 361.5**	**$ 522.2**	**$ 484.1**	**$ 978.4**
Cost of sales	(762.0)	(834.5)	(874.1)	(143.4)	(754.0)	(897.4)	(324.7)	(468.1)	(401.8)	(831.1)
Gross Profit	**151.2**	**144.3**	**154.4**	**17.3**	**101.8**	**119.1**	**36.8**	**54.1**	**82.3**	**147.3**
Other income	4.7	4.4	1.7	0.7	1.9	2.6	0.9	1.6	9.3	10.3
Selling, marketing and distribution expenses	(25.8)	(28.7)	(29.8)	(5.3)	(24.7)	(30.0)	(8.9)	(14.2)	(15.4)	(31.2)
General and administrative expenses	(33.2)	(35.4)	(33.4)	(5.5)	(38.3)	(43.8)	(14.7)	(20.2)	(23.7)	(47.3)
Other expenses	(6.0)	(5.5)	(4.4)	(0.7)	(19.1)	(19.8)	(0.7)	(1.4)	(1.9)	(20.3)
Share of profit from associates and joint ventures, net of income tax (equity method)	—	—	—	—	—	—	—	—	—	—
Profit (loss) from operating activities	**90.9**	**79.1**	**88.5**	**6.5**	**21.6**	**28.1**	**13.4**	**19.9**	**50.6**	58.8
Financial income	2.8	—	—	—	2.4	2.4	1.3	1.3	2.0	3.1
Financial expenses	(5.6)	(3.7)	(3.2)	(0.7)	(64.8)	(65.5)	(27.7)	(28.4)	(21.6)	(58.7)
Net financial expenses	**(2.8)**	**(3.7)**	**(3.2)**	**(0.7)**	**(62.4)**	**(63.1)**	**(26.4)**	**(27.1)**	**(19.6)**	**(55.6)**
Profit (loss) before income tax	**88.1**	**75.4**	**85.3**	**5.8**	**(40.8)**	**(35.0)**	**(13.0)**	**(7.2)**	**31.0**	**3.2**
Income tax benefit (expense)	(29.0)	(22.8)	(24.9)	(0.7)	1.8	1.1	—	(0.7)	(6.7)	(4.9)
Profit (loss) from continuing operations	**59.1**	**52.6**	**60.4**	**5.1**	**(39.0)**	**(33.9)**	**(13.0)**	**(7.9)**	24.3	**(1.7)**
Profit (loss) from discontinued operations, net of income tax	—	—	—	—	—	—	—	—	—	—
Profit (loss) for the period	**$ 59.1**	**$ 52.6**	**$ 60.4**	**$ 5.1**	**$ (39.0)**	**$ (33.9)**	**$ (13.0)**	**$ (7.9)**	**$ 24.3**	**$ (1.7)**
Attributable to:										
Equity holders of the parent	58.2	51.5	59.1	5.0	(39.8)	(34.8)	(13.3)	(8.3)	23.0	(3.5)
Minority interests	0.9	1.1	1.3	0.1	0.8	0.9	0.3	0.4	1.3	1.8

(1) The Closures Successor entity was dormant until the completion of the Reynolds Acquisition on February 29, 2008.

(2) Aggregated (Closures Predecessor and Closures Successor) is determined through the addition of the Closures Predecessor and Closures Successor financial statements. The aggregation process has not been subject to an audit and is not a presentation permitted under either IFRS or U.S. GAAP. We present the aggregated (Closures Predecessor and Closures Successor) information because we believe that it provides a meaningful comparison of operating results enabling twelve months of fiscal 2008 to be compared with fiscal 2006 and fiscal 2007, and the six months ended June 30, 2009 to be compared with the six months ended June 30, 2008, adjusting for the Closures portion of the Reynolds Acquisition.

(3) The LTM Period is calculated as follows: (i) aggregated (Closures Predecessor and Closures Successor) for the year ended December 31, 2008 less (ii) aggregated (Closures Predecessor and Closures Successor) for the six months ended June 30, 2008 plus (iii) Closures Successor for the six months ended June 30, 2009.

† Derived from the audited financial statements of the Closures Predecessor.

†† Derived from the audited financial statements of the Closures Successor.

+ Derived from the unaudited financial statements of the Closures Successor.

* Derived from the underlying audited financial statements of the Closures Predecessor for the period from January 1, 2008 to February 29, 2008 and the Closures Successor for the period from January 1, 2008 to December 31, 2008, which have been aggregated. The Closures Successor entity was dormant until the completion of the Reynolds Acquisition on February 29, 2008.

** Derived from the underlying audited financial statements of the Closures Predecessor for the period from January 1, 2008 to February 29, 2008 and the unaudited financial statements of the Closures Successor for the period from January 1, 2008 to June 30, 2008, which have been aggregated. The Closures Successor entity was dormant until the completion of the Reynolds Acquisition on February 29, 2008.

	Closures Predecessor As of December 31,			Closures Successor	
	2005†	2006†	2007†	As of December 31, 2008††	As of June 30, 2009+
	(U.S. GAAP)	(U.S. GAAP)	(U.S. GAAP)	(U.S. GAAP)	(U.S. GAAP)
		(In $ millions)		(In $ millions)	
Balance Sheet Data					
Cash and cash equivalents	$ 51.6	$ 51.0	$ 27.9	$ 68.0	$ 59.0
Trade and other receivables—current	115.3	124.7	120.5	149.2	222.0
Inventories	110.9	112.3	111.1	134.1	121.4
Property, plant and equipment	297.9	301.5	313.7	310.3	319.2
Intangibles	111.5	118.7	119.1	645.8	647.5
Total assets	**721.6**	**745.7**	**727.0**	**1,380.6**	**1,419.6**
Trade and other payables—current	104.6	117.0	114.8	175.5	279.8
Interest bearing borrowings—current	43.3	104.9	3.5	607.9	40.4
Interest bearing borrowings—non-current	78.4	26.1	—	—	515.8
Total liabilities	**316.1**	**342.3**	**213.0**	**1,004.2**	**1,007.8**
Net assets	**$ 405.5**	**$ 403.4**	**$ 514.0**	**$ 376.4**	**$ 411.8**

† Derived from the audited financial statements of the Closures Predecessor.

†† Derived from the audited financial statements of the Closures Successor.

+ Derived from the unaudited financial statement of the Closures Successor.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis of the historical combined financial statements of the Closures Group and the Reynolds Consumer Group cover periods before consummation of the Reynolds Acquisition and the RGHL Acquisition. The following discussion is to be read in conjunction with the Selected Historical Consolidated and Historical Combined Financial Data. The following discussion and analysis also include forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that could cause our, the RGHL Group Successor's, the Closures Group's or the Reynolds Consumer Group's actual results to differ materially from those expressed or implied by the forward-looking statements with respect to us, the RGHL Group Successor's, the Closures Group or the Reynolds Consumer Group. Our, the RGHL Group Successor's, the Closures Group's or the Reynolds Consumer Group's actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed herein. See "Forward-Looking Statements". References to "Closures Predecessor" refer to Alcoa's closures business prior to the consummation of the Reynolds Acquisition. References to "Closures Successor" mean to Closure Systems International B.V. and its consolidated subsidiaries after the consummation of the Reynolds Acquisition. References to "LTM Period" mean twelve months ended June 30, 2009. References to "Reynolds Acquisition" mean the series of acquisitions of Alcoa's packaging and consumer business indirectly by Graeme Hart, our strategic owner which were substantially consummated on February 29, 2008. References to "Reynolds Predecessor" mean to Alcoa's consumer products business prior to the consummation of the Reynolds Acquisition and references to "Reynolds Successor" mean Alcoa's consumer products business and its consolidated subsidiaries after the consummation of the Reynolds Acquisition. "Reynolds Consumer Group" means (i) prior to the Reynolds Acquisition, to Reynolds Consumer Predecessor and (ii) after the Reynolds Acquisition, to Reynolds Consumer Successor. "Closures Group" means (i) prior to the Reynolds Acquisition, to Closures Predecessor and (ii) after the Reynolds Acquisition, to Closures Successor.

The Reynolds Consumer Group

Reynolds Consumer Overview

Reynolds Consumer is a leading manufacturer in the aluminum foil, wraps and bags segment of the consumer food storage and preparation market in the United States. We believe Reynolds Consumer, with its flagship Reynolds Wrap product, holds the number one market position in the U.S. branded consumer aluminum foil market measured by revenue. We also estimate that, based on 2008 data, Reynolds Consumer holds the number one position in U.S. store branded wraps and bags market. Reynolds Consumer markets a comprehensive range of foil, wraps and bags products under its well recognized Reynolds brand and its store branded offerings. Reynolds Consumer operates primarily in North America and distributes its products through the grocery, mass-merchant, club, drug store, discount and military channels. Reynolds Consumer supplied its over 1,000 customers with approximately 180 million pounds of foil and 13 billion bags and wraps in 2008. Reynolds Consumer employs approximately 2,775 employees located primarily in its eight manufacturing facilities which are located in the United States.

Basis of Presentation

Historical Financial Statements

The discussion and analysis of the Reynolds Consumer Group is based on:

- *2006 and 2007:* the audited carve-out combined financial statements of the Reynolds Consumer Predecessor as of and for the years ended December 31, 2006 and 2007;
- *2008:* the aggregation of (a) the audited carve-out combined financial statements of the Reynolds Consumer Predecessor for the two months ended February 29, 2008 and (b) the audited carve-out combined financial statements of the Reynolds Consumer Successor for the period from the date of the formation of the Reynolds Consumer Successor on January 7, 2008 to December 31, 2008;
- *June 30, 2008:* the aggregation of (a) the audited carve-out combined financial statements of the Reynolds Consumer Predecessor for the two months ended February 29, 2008 and (b) the unaudited carve-out

combined financial statements of the Reynolds Consumer Successor for the period from the formation of the Reynolds Consumer Successor on January 7, 2008 to June 30, 2008; and

- June 30, 2009: the unaudited carve-out combined financial statements of the Reynolds Consumer Successor as of June 30, 2009.

Accounting Principles

The Reynolds Consumer Predecessor financial statements for the years ended December 31, 2006 and 2007 and the two months ended February 29, 2008 are prepared in accordance with U.S. GAAP. These combined financial statements are prepared using uniform accounting policies for all combined companies within Reynolds Consumer Predecessor.

The Reynolds Consumer Successor financial statements for the period ended December 31, 2008 and the interim unaudited combined carve-out financial statements as of and for the six months ended June 30, 2009 and the period ended June 30, 2008 have been prepared in accordance with IFRS. These combined carve-out financial statements are prepared using uniform accounting policies for all combined companies within the Reynolds Consumer Successor. The Reynolds Consumer Successor financial statements also include a reconciliation between net income under IFRS and net income under U.S. GAAP, a reconciliation between net assets under IFRS and net assets under U.S. GAAP, and a U.S. GAAP statement of comprehensive income.

Reporting Currency

Reynolds Consumer's successor and predecessor financial statements are presented in dollars. The figures are translated from the functional currencies of the underlying operations into dollars according to the procedures described in IAS 21. For more information, please refer to the notes to our audited combined financial statements and audited combined carve-out financial statements.

Segment Reporting

In accordance with IFRS 8, the Reynolds Consumer Group comprises only one operating and reportable segment. As the Reynolds Consumer Group represents a single operating segment no additional operating segment information is provided.

Key Factors Influencing Our Financial Condition and Results from Operations

Restructuring and Cost Saving Programs

Reynolds Consumer has completed a number of restructuring and cost saving programs since the Reynolds Acquisition in order to reduce its operating costs, including the recently completed consolidation of its Richmond, VA aluminum foil manufacturing facility with its Louisville, KY aluminum foil manufacturing facility, and the restructuring of its Bulgarian manufacturing facilities and United Kingdom operations, including exiting certain low margin or unprofitable product lines in its United Kingdom store branded business. Reynolds Consumer also exited low margin or unprofitable product lines in its U.S. operations. Reynolds Consumer also currently has many other cost saving programs underway, including workforce reductions and streamlining of corporate overhead.

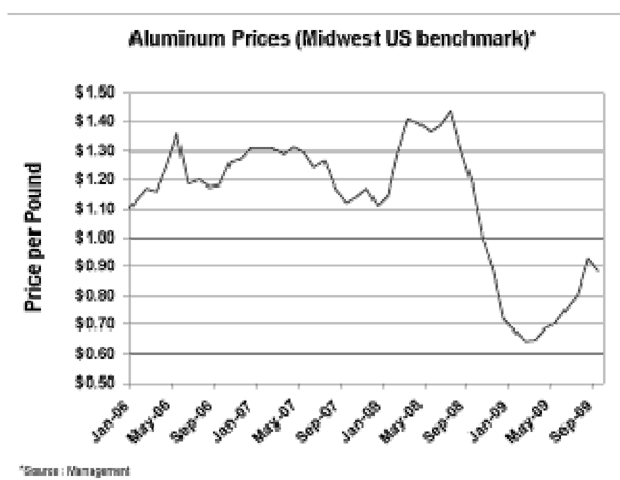
As part of the restructuring and cost saving programs, Reynolds Consumer Group recorded restructuring costs which decreased Reynolds Consumer EBITDA by $3.4 million in the six months ended June 30, 2009, $27.7 million in the year ended December 31, 2008 and $7.4 million in the six months ended June 30, 2008. We expect Reynolds Consumer Group to incur further restructuring costs in the second half of the year ending December 31, 2009 and potentially in the next year.

Raw Material Prices

Reynolds Consumer Group's results of operations have been in the past, and will continue to be in the future, impacted by changes in the cost of raw materials, including aluminum and resin. Changes in raw materials prices

may impact both revenue and cost of sales. Revenue is directly impacted by changes in raw material prices as a result of contractual cost pass-through mechanisms, primarily for resin. Revenue is also impacted by changes in volume caused by price elasticity. Reynolds Consumer Group has historically used and expects to continue to use in the future both derivative instruments to hedge and cost pass-through mechanisms to manage its exposure to raw materials costs. The realized gains or losses arising under the derivative instruments are recognized in cost of sales while the unrealized gains or losses associated with the derivative contracts are recognized in other income/expenses.

Reynolds Consumer primarily uses aluminum in its Reynolds Branded business. In respect of aluminum foil products sold under the Reynolds brand name, Reynolds Consumer's contracts with its customers do not contain contractual price protection for raw materials cost fluctuations. Aluminum prices increased from the beginning of 2006 through the middle of 2007 before declining through the end of 2007. From the beginning of 2008 aluminum prices increased significantly, peaking in the middle of 2008, before significantly decreasing through the end of 2008. Aluminum prices stabilized in early 2009 before increasing again through the middle of 2009. The following chart illustrates the volatility in aluminum prices from January 2005 through September 2009.



Reynolds Consumer Group uses resin primarily in its division offering store branded products ("Store Branded") products and, as a result, Reynolds Consumer Group is subject to fluctuations in resin prices. During 2006, 2007 and 2008, Reynolds Consumer Group's results were impacted by the worldwide changes in resin prices. In particular its results were impacted by resin prices, which reached record high prices in September 2008. This impact, however, was partially offset by sales of Reynolds Consumer Group's resin-based Store Branded products (approximately 60% by dollar volume) that are sold under contracts that have resin cost pass-through mechanisms. From November 2008 through mid-2009 resin prices have shown a declining trend. Accordingly, Reynolds Consumer's earnings have tracked fluctuations in resin prices to a lesser extent than its net sales.

Aluminum Hedging

Reynolds Consumer Group has historically employed a hedging strategy to mitigate the commodity price risk inherent in its aluminum purchases. Prior to the Reynolds Acquisition, Reynolds Consumer Group's former owner hedged Reynolds Consumer Group's aluminum price risk as part of its broader aluminum hedging policy for its overall business. As a result, this policy, and the aluminum hedging policy Reynolds Consumer Group adopted following the Reynolds Acquisition until October 2008 involved purchasing a amount of aluminum which was significantly in excess of its expected requirement for an extended future period. As a result of this hedging policy and the steep decline in the price of aluminum in the second half of 2008, the Reynolds Consumer Group had approximately $82.5 million of realized hedging losses reflected in cost of sales and $77.4 million of unrealized hedging related losses recognized in other income/expense for the LTM period ended June 30, 2009.

Reynolds Consumer Group terminated its previous hedging policy in October 2008 and is currently in the process of novating its remaining aluminum derivative instruments. After the termination of its previous hedging policy

Reynolds Consumer Group adopted a new hedging policy. Under this new policy Reynolds Consumer Group will hedge a smaller portion of its aluminum purchases for a shorter average term than under its previous policy, which we believe is more appropriate for our business and is designed to reduce the impact of changing aluminum prices on our results of operations. We estimate that if this new hedging policy had been in place during the LTM period ended June 30, 2009 it would have resulted in smaller, but still significant realized and unrealized hedging related losses compared to the actual results for the same period achieved under the previous policy.

Pricing and Product Mix

Reynolds Consumer Group's results of operations have been in the past, and are expected to continue to be in the future, impacted by changes in its pricing and product mix. The strong global economic growth in 2006 and 2007 allowed Reynolds Consumer Group to successfully implement price increases during those years, but the recent economic recession has prevented it from implementing any such price increases during 2009. The slowdown in the U.S. economy has also caused a switch in consumer demand from its division manufacturing products under the Reynolds brand name and store branded aluminum foil ("Reynolds Branded") products to certain of its Store Branded products. This switch in demand has resulted in a decline in revenue of its Reynolds Branded business, which has been partially offset by an increase in revenue of its Store Branded business.

Seasonality and Working Capital Fluctuations

Reynolds Consumer Group's operations are subject to seasonal consumption patterns, which are aligned with key product lines. Sales in Reynolds Branded are typically higher in the fourth quarter of the year, primarily due to the Reynolds Wrap product whose sales are higher during the November and December holiday periods in North America. Sales in Store Branded are typically higher in the second half of the year in North America, coinciding with the harvest season and outdoor fall cleanup.

The Reynolds Acquisition, Substantial Leverage and Other Transaction-Related Effects

Reynolds Consumer Group's results of operations and financial position were significantly impacted by the effects of the Reynolds Acquisition and the related transactions.

The Reynolds Acquisition was financed with a total of $1,530.0 million drawn under the Reynolds Facility of which $900.0 million of the Reynolds Facility was drawn by Reynolds Consumer Group. As a result, Reynolds Consumer Group has substantial indebtedness. As of June 30, 2009, Reynolds Consumer Group had $908.5 million of indebtedness under the Reynolds facility. We expect to repay the outstanding indebtedness of the Reynolds Consumer Group on the date of the closing of the RGHL Acquisition.

In addition, in connection with the Reynolds Acquisition, the Reynolds Consumer Group recorded goodwill of $409.0 million as of June 30, 2009. Although goodwill is not subject to amortization under IFRS, it is subject to an annual impairment test. To the extent that a significant portion of the purchase price was allocated to identifiable tangible and intangible assets, Reynolds Consumer Group's depreciation and amortization expenses are significantly higher than in prior historical periods.

In January 2008, in anticipation of the Reynolds Acquisition, Rank Group entered into derivative instruments to purchase aluminum at fixed prices in the future. These purchases were based on the hedging policy employed by Reynolds Consumer's former owner prior to the Reynolds Acquisition. Shortly after the completion of the Reynolds Acquisition, those commodity swaps were novated to the Reynolds Consumer Group. Between the time Rank Group entered into the derivative instruments and the time it novated them to Reynolds Consumer Group, aluminum spot prices had increased materially and the derivative instruments had a fair market value of approximately $32.8 million. The novation was effected at this fair market value and, as a result, Reynolds Consumer Group recognized a derivative financial asset of this amount. In respect of the novated derivative instruments which expired prior to December 31, 2008, the fair value of these instruments was fully reflected in cost of sales on a similar basis as the underlying aluminum purchases prior to that time.

Critical accounting policies

Reynolds Consumer Group's critical accounting policies are those that the Reynolds Consumer Group believes are most important to the portrayal of its financial position and results, and that require the most difficult, subjective or complex judgments. In many cases, the accounting treatment of particular transactions is specifically dictated by IFRS with no need for the application of judgment. In certain circumstances, however, the preparation of the Reynolds Consumer Group financial statements in conformity with IFRS requires Reynolds Consumer Group to use its judgment to make certain estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Reynolds Consumer Group believes the policies described below are its most critical accounting policies.

Accounting for business combinations

Reynolds Consumer Group accounts for business combinations, where the business is acquired from an unrelated third-party, under the purchase method of accounting. The excess of the purchase price over the fair value of net tangible assets acquired is allocated first to the fair value of identifiable intangible assets, with the remaining purchase price then allocated to goodwill.

Goodwill and acquired indefinite life intangible assets are not amortized. Other acquired intangible assets with finite lives are amortized on a straight line basis over the period of the expected benefit.

The results of operations for businesses acquired are included in the Reynolds Consumer Group combined financial statements from the date of acquisition.

The allocation of the purchase price to the fair value of acquired assets and liabilities involves assessments of the expected future cash flows associated with individual assets and liabilities and appropriate discount rates, as at the date of the acquisition.

Subsequent changes in Reynolds Consumer Group's assessments may trigger an impairment loss, which would be recognized in the statement of comprehensive income.

On February 29, 2008, the business of Reynolds Consumer Group was acquired from Alcoa as a component of the Reynolds Acquisition for a total purchase price of $1,326.0 million. The purchase price allocation is reflected in Reynolds Consumer Group financial statements as of June 30, 2009 and December 31, 2008.

Impairment of goodwill, intangible assets and property, plant and equipment

Reynolds Consumer Group assesses the carrying values of goodwill, identifiable intangible assets and property, plant and equipment on a regular basis. Goodwill and intangible assets with indefinite useful lives are assessed for impairment at least annually. Other non-current assets are tested when a trigger event may indicate the existence of impairment. If any such indication of impairment exists, the asset's recoverable amount is estimated.

The recoverable amount for an asset is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In estimating future cash flows, Reynolds Consumer Group makes estimates with respect to the useful lives of its assets. Changes in circumstances, including the relative cost efficiency of our production facilities, may cause Reynolds Consumer Group to change these estimates.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

As of June 30, 2009, the Reynolds Consumer Group had $1,205.2 million of goodwill, other intangible assets and property, plant and equipment recorded in its statement of financial position. Any impairment in the value of goodwill, intangible assets or property, plant and equipment would result in a reduction in the carrying value in the statement of financial position and an expense recognized in Reynolds Consumer Group's statement of comprehensive income. For the period ended June 30, 2009 an impairment charge of $0.3 million was recognized.

Income taxes

Reynolds Consumer Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision and liability for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Reynolds Consumer Group recognizes liabilities for tax issues based on estimates of whether additional taxes will be due and on its best interpretation of the relevant tax laws. In cases where the final outcome of these tax matters is different from the amounts that were initially recorded, the differences impact the current and deferred income tax provision in the period in which the determination is made.

Reynolds Consumer Group recognizes deferred tax assets to the extent that it is probable that future taxable profits will allow the deferred tax assets to be recovered. This is based on estimates of taxable income in each jurisdiction in which Reynolds Consumer Group operates and the period over which deferred tax assets are recoverable. In the event that actual results differ from these estimates in future periods and depending on the tax strategies that Reynolds Consumer Group may have been able to implement, changes to the recognition of deferred tax assets could be required, and thus could impact Reynolds Consumer Group's financial position and results of operations.

Provisions

Reynolds Consumer Group recognizes a provision in the statement of financial position when it has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Employee benefits — defined benefit pension obligations and post-employment medical benefits

Post-employment benefits represent obligations that will be settled in the future and require assumptions to project benefit obligations. Reynolds Consumer Group provides post-employment benefits to certain employees in the form of defined benefit pensions and post-employment medical benefits. Certain of these plans are operated by related entities. Post-employment benefit accounting is intended to reflect the recognition of future benefit costs over the employee's approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires Reynolds Consumer Group to make assumptions regarding variables such as discount rate, rate of compensation increase, return on assets and future healthcare costs. Reynolds Consumer Group consults with third-party actuaries regarding these assumptions at least annually. Changes in these key assumptions, including the market value of the assets associated with these obligations, can have a significant impact on the Reynolds Consumer Group's consolidated defined benefit obligations, future funding requirements and benefit plan costs recognized. While Reynolds Consumer Group believes that its assumptions of future returns are reasonable and appropriate, significant differences in its actual experience or inaccuracies in assumptions may materially affect Reynolds Consumer Group's pension obligations and the future pension expense.

Results of Operations

	Reynolds Consumer Predecessor		Aggregated (Reynolds Consumer Predecessor and Reynolds Consumer Successor)	Aggregated (Reynolds Consumer Predecessor and Reynolds Consumer Successor)	Reynolds Consumer Successor
	Year Ended December 31,		Year Ended December 31, 2008(1)(2)	Six Months Ended, 2008(1)(2)	Six Months Ended June 30, 2009
	2006 (U.S. GAAP)	2007 (U.S. GAAP)			(U.S. GAAP)
	(In $ millions)			(In $ millions)	
Income Statement					
Revenue	**$ 1,373.4**	**$ 1,431.6**	**$ 1,398.5**	**$ 636.3**	**$ 553.7**
Cost of sales	(1,175.5)	(1,195.8)	(1,240.4)	(583.8)	(503.2)
Gross profit	**197.9**	**235.8**	**158.1**	**52.5**	**50.5**
Other income	7.1	2.9	16.9	25.8	63.0
Selling, marketing and distribution expenses	(84.7)	(92.6)	(93.1)	(50.4)	(32.1)
General and administrative expenses	(23.4)	(24.5)	(43.4)	(17.9)	(25.7)
Other expenses	(3.2)	(65.5)	(159.3)	(7.9)	(5.7)
Share of profit of associates and joint ventures, net of income tax (equity method)	—	—	—	—	—
Profit (loss) from operating activities	**93.7**	**56.1**	**(120.8)**	**2.1**	**50.0**
Financial income	0.1	—	0.2	0.1	0.8
Financial expenses	(17.3)	(21.9)	(68.6)	(30.4)	(36.8)
Net financial expenses	**(17.2)**	**(21.9)**	**(68.4)**	**(30.3)**	**(36.0)**
Profit (loss) before income tax	**76.5**	**34.2**	**(189.2)**	**(28.2)**	**14.0**
Income tax benefit (expense)	(30.3)	(17.2)	66.4	5.3	(6.0)
Profit (loss) for the period	**$ 46.2**	**$ 17.0**	**$ (122.8)**	**$ (22.9)**	**$ 8.0**
Attributable to:					
Equity holders of the Parent	$ 46.2	$ 17.0	$ (122.8)	$ (22.9)	$ 8.0
Minority interests	—	—	—	—	—
Depreciation and amortization	31.9	31.3	57.8	28.6	30.8
Reynolds Consumer EBITDA	125.6	87.4	(63.0)	30.7	80.8
Reynolds Consumer Historical Adjusted EBITDA	$ 135.6	$ 152.9	$ 140.7	$ 33.1	$ 103.2

(1) The aggregate is determined through the addition of the Reynolds Consumer Predecessor and Reynolds Consumer Successor financial statements. The aggregation process has not been subject to audit and is not a presentation permitted by U.S. GAAP or IFRS. We present the aggregated (Reynolds Consumer Predecessor and Reynolds Consumer Successor) information because we believe that it provides a meaningful comparison of operating results by enabling twelve months of fiscal 2008 to be compared with fiscal 2006 and fiscal 2007 and enabling the six months ended June 30, 2008 and 2009 to be compared.

(2) The Reynolds Consumer Successor entity was dormant until completion of the Reynolds Acquisition on February 29, 2008.

Presentation of Reynolds Consumer EBITDA and Reynolds Consumer Historical Adjusted EBITDA

In this discussion and analysis, the Reynolds Consumer Stand-Alone EBITDA and the Reynolds Consumer Historical Adjusted EBITDA of the Reynolds Consumer Group is presented for the periods ended June 30, 2009 and June 30, 2008 as well as the years ended December 31, 2008, 2007 and 2006.

Due to the significant changes in Reynolds Consumer's strategy over the last several years, certain revenue has been generated and expenses have been incurred in respect of specified events, which it believes are of such a size, nature or incidence that their disclosure is relevant in explaining the operating performance over these periods. The following discussion of the results of operations discloses for each period the principal adjustments, if any, to the Reynolds Consumer EBITDA reflected in the computation of the Reynolds Consumer Historical Adjusted EBITDA.

Six Months Ended June 30, 2009 Compared to Six Months Ended June 30, 2008

Revenue: Revenue decreased by $82.6 million or 13.0% to $553.7 million for the six months ended June 30, 2009 compared to $636.3 million for the six months ended June 30, 2008. The decrease was primarily attributable to a decrease in volume and the exiting of certain low margin or unprofitable product lines in its UK store branded business, partially offset by price increases and a product mix shift.

Reynolds Branded revenue: Reynolds Branded revenue decreased by $73.5 million or 17.8% to $340.1 million for the six months ended June 30, 2009 compared to $413.6 million for the six months ended June 30, 2008. This decrease was primarily attributable to a 18.6% decline in the volume of aluminum sold compared to the same period in 2008, which resulted in a $60.4 million decrease in revenue. This decrease was also partially due to by the discontinuation of Reynolds Consumer's U.K. store branded product line. These decreases were partially offset by price increases that contributed $6.2 million in additional sales as well as a favorable sales mix shift towards higher price point product lines from lower price points and increased sales of selected higher priced Reynolds Branded product lines in selected channels, which contributed approximately $11.4 million to revenue for the six months ended June 30, 2009.

Store Branded revenue: Store Branded revenue decreased by $9.1 million or 4.1% to $213.6 million for the six months ended June 30, 2009 compared to $222.7 million for the six months ended June 30, 2008. This decrease was mainly attributable to lower pricing driven by lower resin costs compared to the same period in 2008 ($6.6 million) as well as a decrease in volume ($2.5 million).

Gross profit: Gross profit decreased by $2.0 million or 3.8% to $50.5 million from $52.5 million, while the gross profit margin increased from 8.3% to 9.1% of revenue for the six months ended June 30, 2009 compared to the six months ended June 30, 2008. The decrease in gross profit was primarily attributable to an increase in aluminum prices partially offset by a decrease in volume. This decrease was partially offset by a decrease in resin costs, which decreased more than selling prices, as well as favorable mix changes and the exiting of certain low margin or unprofitable product lines in its UK store branded business.

SG&A expenses: Selling, general and administrative expenses decreased by $10.5 million or 15.4% to $57.8 million for the six months ended June 30, 2009 compared to $68.3 million for the six months ended June 30, 2008. This decrease was primarily attributable to of $11.7 million related to the discontinuation of a certain product line, $2.4 million related to the exit of certain low margin or unprofitable product lines in its UK store branded business and $2.7 million related to decreased marketing spending partially offset by an increase in administrative costs associated with the transition from Alcoa.

Other income/(expense): Other income increased by $39.4 million or 220.1% to $57.3 million for the six months ended June 30, 2009 compared to $17.9 million for the six months ended June 30, 2008. This increase was mainly attributable to unrealized gains from derivative instruments used primarily for the hedging of aluminum of $62.6 million for the six months ended June 30, 2009 compared to $25.5 million for the six months ended June 30, 2008.

Depreciation of property, plant and equipment and amortization of intangible assets: Depreciation of property, plant and equipment and amortization of intangible assets increased by $2.2 million or 7.7% to $30.8 million for the six months ended June 30, 2009 compared to $28.6 million for the six months ended June 30, 2008 primarily as a result of purchase accounting adjustments related to the Reynolds Acquisition.

Profit (loss) from operating activities: Profit from operating activities increased by $47.9 million to $50.0 million for the six months ended June 30, 2009 compared to $2.1 million for the six months ended June 30, 2008 as a result of the factors previously discussed.

Reynolds Consumer EBITDA: Reynolds Consumer EBITDA increased by $50.1 million or 163.2% to $80.8 million for the six months ended June 30, 2009 compared to $30.7 million for the six months ended June 30, 2008 as a result of the factors previously discussed.

Reynolds Consumer Historical Adjusted EBITDA: Reynolds Consumer Historical Adjusted EBITDA increased by $70.1 million or 211% to $103.2 million for the six months ended June 30, 2009 compared to $33.1 million for the six months ended June 30, 2008. Reynolds Consumer Historical Adjusted EBITDA for the six months ended June 30, 2009 was determined after adding back $69.1 million, which represents the realized net losses of derivative instruments entered into under our previous hedging policy which increased cost of sales, $10.5 million of acquisition transaction costs related to the transition from Alcoa, $5.3 million in connection with the restructuring and consolidation of manufacturing facilities including the relocation of manufacturing equipment a deducting $62.8 million of unrealized gains from derivative instruments. The Reynolds Consumer Historical Adjusted EBITDA for the six months ended June 30, 2008 was determined after adding back $17.3 million in increased cost of goods sold as a result of the revaluation of the carrying value of inventory undertaken as part of purchase accounting in connection with the Reynolds Acquisition, $11.5 million of adjustments related to the transfer of open aluminum derivative instruments from Rank Group related to the Reynolds Acquisition, $7.4 million of restructuring costs related to its cost saving programs, and $0.8 million of acquisition transition costs related to the transition from Alcoa, and deducting $25.5 million of unrealized gains from derivative instruments and $9.4 million, which represent a realized net gain which decreased cost of sales resulting from the impact from our previous hedging policy.

Net financial expenses: Net financial expenses increased by $5.7 million or 18.8% to $36.0 million for the six months ended June 30, 2009 compared to $30.3 million for the six months ended June 30, 2008 as a result of the drawdown of funding under the Reynolds Facility to finance the Reynolds Acquisition.

Income tax benefit (expense): Income tax expense was $6.0 million for the six months ended June 30, 2009 compared to a tax benefit of $5.3 million for the six months ended June 30, 2008 due to positive earnings resulting in a tax expense. In 2008, deferred tax assets were not recognized as it was not probable that the certain losses in foreign jurisdictions would be able to be recovered.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

Revenue: Revenue decreased by $33.1 million or 2.3% to $1,398.5 million for the year ended December 31, 2008 compared to $1,431.6 million for the year ended December 31, 2007. The decrease was primarily attributable to a decrease in volume, partially offset by higher pricing on store branded products due to increased resin costs.

Reynolds Branded Revenue: Reynolds Branded revenue decreased by $67.2 million or 6.7% to $937.8 million for the year ended December 31, 2008 compared to $1,005.0 million for the year ended December 31, 2007. The decrease was mainly attributable to a 4.3% decline in the volume of aluminum sold, combined with the certain low margin or unprofitable product lines in the US as well as in its UK store branded business.

Store Branded revenue: Store Branded revenue increased by $34.1 million or 8.0% to $460.7 million for the year ended December 31, 2008 compared to $426.6 million for the year ended December 31, 2007. This increase was primarily due to higher pricing of $28.8 million due to an increase in resin costs combined with an increase in volume of $5.3 million.

Gross profit: Gross profit decreased by $77.7 million or 33.0% to $158.1 million from $235.8 million, while gross profit margin decreased from 16.5% to 11.3% of revenue for the year ended December 31, 2008 compared to the year ended by December 31, 2007. This decrease in gross profit was primarily due to a $61.0 million expense as a result of higher metal prices of which $32.8 million was due to the transfer of open aluminum commodity swaps from Rank Group and a $17.3 million increase in cost of sales as a result of the revaluation of the carrying value of inventory undertaken as part of Purchase Accounting in connection with the Reynolds Acquisition. These increases were partially offset by improved resin recycling, a reduction in manufacturing costs, and improved procurement activities for both resin and cartons which reduced costs.

SG&A expenses: Selling, general and administrative expenses increased by $19.4 million or 16.6% to $136.5 million for the year ended December 31, 2008 compared to $117.1 million for the year ended December 31, 2007. This increase was primarily due to an increase in administration costs.

Other income (expense): Other expense increased by $79.8 million or 127.5% to $142.4 million for the year ended December 31, 2008 compared to $62.6 million for the year ended December 31, 2007. This increase was mainly attributed to unrealized losses from derivative instruments used primarily for the hedging of aluminum of $114.5 million for the year ended December 31, 2008 compared to $60.8 million for the year ended December 31, 2007. The increase was also due to $27.7 million of restructuring costs related to cost saving programs.

Depreciation of property, plant and equipment and amortization of intangible assets: Depreciation of property, plant and equipment and amortization of intangible assets increased by $26.5 million or 84.7% to $57.8 million for the year ended December 31, 2008 compared to $31.3 million for the year ended December 31, 2007, primarily as a result of purchase accounting adjustments related to the Reynolds Acquisition.

Profit (loss) from operating activities: Profit from operating activities decreased by $176.9 million to a loss of $120.8 million for the year ended December 31, 2008 compared to a profit of $56.1 million for the year ended December 31, 2007 as a result of the factors previously discussed.

Reynolds Consumer EBITDA: Reynolds Consumer EBITDA decreased by $150.4 million to a loss of $63.0 million for the year ended December 31, 2008 compared to positive EBITDA of $87.4 million for the year ended December 31, 2007 as a result of the factors previously discussed.

Reynolds Consumer Historical Adjusted EBITDA: Reynolds Consumer Historical Adjusted EBITDA decreased by $12.2 million or 8.0% to $140.7 million for the year ended December 31, 2008 compared to $152.9 million for the year ended December 31, 2007. Reynolds Consumer Historical Adjusted EBITDA for the year ended December 31, 2008 was determined after adding back $114.5 million of unrealized losses from derivative instruments used primarily for the hedging of aluminum, $32.8 million as a result of the transfer of open aluminum derivative instruments from Rank Group related to the Reynolds Acquisition, $3.7 million, which represent the cost of sales resulting from the impact from our previous hedging policy realized losses on Reynolds Consumer's hedging instruments impacting cost of sales, and $27.7 million of restructuring costs related to cost saving programs and $17.3 million in increased cost of goods sold as a result of the revaluation of the carrying value of inventory undertaken as part of purchase accounting in connection with the Reynolds Acquisition, $7.1 million of acquisition transaction costs related to the transition from Alcoa, and $0.5 million of costs related to the Oracle EBS conversion.

Net financial expenses: Net financial expenses increased by $46.5 million or 212.3% to $68.4 million for the year ended December 31, 2008 compared to $21.9 million for the year ended December 31, 2007 as a result of the drawdown of funding under the Reynolds Facility to finance the Reynolds Acquisition.

Income tax benefit (expense): Income tax benefit was $66.4 million for the year ended December 31, 2008 compared to a tax expense of $17.2 million for the year ended December 31, 2007. In 2008, a deferred tax benefit was recognized for temporary differences primarily due to the unrealized losses from derivative instruments used primarily for the hedging of aluminum, which are expected to reverse in future periods. Deferred tax assets in 2008 were, however, not recognized as it was not probable that the certain losses in foreign jurisdictions would be able to be recovered.

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Revenue: Revenue increased by $58.2 million or 4.2% to $1,431.6 million for the year ended December 31, 2007 compared to $1,373.4 million for the year ended December 31, 2006. This increase was mainly attributable to price increases on Reynolds Branded products.

Reynolds Branded revenue: Reynolds Branded revenue increased by $59.0 million or 6.2% to $1,005.0 million for the year ended December 31, 2007 compared to $946.0 for the year ended December 31,

2006. This increase was mainly attributable to price increases on Reynolds Wrap, which resulted in a $62.5 million increase in sales, partially offset by a decline in volume.

Store Branded revenue: Store Branded revenue decreased by $0.8 million or 0.2% to $426.6 million for the year ended December 31, 2007 compared to $427.4 million for the year ended December 31, 2006. This decrease in revenue was predominantly due to lower resin pricing in 2007 of $13.7 million, offset by increased volume of $12.8 million.

Gross profit: Gross profit increased by $37.9 million or 19.2% to $235.8 million from $197.9 million, and the gross profit margin increased from 14.4% to 16.5% of revenue for the year ended December 31, 2007 compared to the year ended December 31, 2006. This increase was mainly due to favorable mix changes of $16.7 million and improved productivity of $10.0 million.

SG&A expenses: Selling, general and administrative expenses increased by $9.0 million or 8.3% to $117.1 million for the year ended December 31, 2007 compared to $108.1 million for the year ended December 31, 2006. This increase was mainly attributable to an increase in marketing spending, of $6.8 million due to the launch of a new product line, partially offset by a decrease in certain products.

Other income (expense): Other income decreased by $66.5 million to $62.6 million of expense for the year ended December 31, 2007 compared to $3.9 million of income for the year ended December 31, 2006. This decrease was mainly attributed to unrealized losses from derivative instruments used primarily for the hedging of aluminium of $60.8 million for the year ended December 31, 2007 versus unrealized gains of $5.4 million for the year ended December 31, 2006.

Depreciation of property, plant and equipment and amortization of intangible assets: Depreciation of property, plant and equipment and amortization of intangible assets decreased by $0.6 million or 1.9% to $31.3 million for the year ended December 31, 2007 compared to $31.9 million for the year ended December 31, 2006 primarily as a result of to certain assets becoming fully amortized and/or depreciated during the period.

Profit (loss) from operating activities: Profit from operating activities decreased by $37.6 million or 40.1% to $56.1 million for the year ended December 31, 2007 compared to $93.7 million for the year ended December 31, 2006 as a result of the factors previously discussed.

Reynolds Consumer EBITDA: Reynolds Consumer EBITDA decreased by $38.2 million or 30.4% to $87.4 million for the year ended December 31, 2007 compared to $125.6 million for the year ended December 31, 2006 as a result of the factors previously discussed.

Reynolds Consumer Historical Adjusted EBITDA: Reynolds Consumer Historical Adjusted EBITDA increased by $17.3 million or 12.8% to $152.9 million for the year ended December 31, 2007 compared to $135.6 million for the year ended December 31, 2006. Reynolds Consumer Historical Adjusted EBITDA for the year ended December 31, 2007 was determined after adding back $1.1 million of restructuring costs related to cost saving initiatives, $60.8 million of unrealized losses from derivative instruments used primarily for the hedging of aluminum, $2.6 million of non-cash impairment charges and $1.6 million in non-cash stock compensation.

Net financial expenses: Net financial expenses increased by $4.7 million or 27.3% to $21.9 million for the year ended December 31, 2007 compared to $17.2 million for the year ended December 31, 2006. This increase reflects increased interest expense on notes with related parties.

Income tax benefit (expense): Income tax expense decreased by $13.1 million or 43.2% to $17.2 million for the year ended December 31, 2007 compared to $30.3 million for the year ended December 31, 2006 consistent with the decrease in profit from operating activities.

Liquidity and Capital Resources

Historical Cash Flows

The following table discloses Reynolds Consumer Group's consolidated cash flows for the periods presented:

	Reynolds Consumer Predecessor		Aggregated (Reynolds Consumer Successor and Reynolds Consumer Predecessor)		Reynolds Consumer Successor
	Year Ended December 31,		Year Ended December 31, 2008(1)(2)(3)	Six Months Ended June 30 2008(3)	Six Months Ended June 30, 2009(3)
	2006 (U.S. GAAP)	2007 (U.S. GAAP)			(U.S. GAAP)
	(In $ millions)		(In $ millions)		
Cash flows from (used in) operating activities	$ 44.4	$ 144.2	$ 82.0	$ (30.9)	$ 31.1
Cash flows from (used in) investing activities	(14.6)	(23.7)	(1,306.9)	(1,272.2)	(35.8)
Cash flows from (used in) financing activities	$ (32.7)	$ (116.4)	$ 1,308.5	$ 1,308.5	$ (12.0)

(1) The aggregate is determined through the addition of Reynolds Consumer Predecessor and Reynolds Consumer Successor financial statements. Reynolds Consumer Predecessor financial statements are prepared under U.S. GAAP. Reynolds Consumer Successor financial statements are prepared under IFRS. The aggregation process has not been subject to audit and the aggregation is not a presentation permitted by U.S. GAAP or IFRS. We present the aggregated (Reynolds Consumer Predecessor and Reynolds Consumer Successor) information because we believe that it provides a meaningful comparison of operating results by enabling twelve months of fiscal 2008 to be compared with fiscal 2006 and fiscal 2007 and the six months ended June 30, 2008 to be compared with the six months ended June 30, 2009, adjusted for the Reynolds Consumer portion of the Reynolds Acquisition.

(2) The Reynolds Consumer Successor entity was dormant until completion of the Reynolds Acquisition on February 29, 2008.

(3) The Reynolds Consumer Successor financial statements also include a reconciliation between net income under IFRS and net income under U.S. GAAP, a reconciliation between net assets under IFRS and net assets under U.S. GAAP, and a U.S. GAAP statement of comprehensive income.

Cash flow from operating activities

Cash flows from operating activities for the six months ended June 30, 2009 generated a net cash inflow of $31.1 million compared to a net cash outflow of $30.9 million for the six months ended June 30, 2008. The increase of $62.0 million is primarily attributable to higher profit from operating activities to higher and a lower level of net working capital which provided a positive cash impact of $52.6 million, partially offset by higher interest payments of $14.1 million.

Cash flows from operating activities for the year ended December 31, 2008 generated a net cash inflow of $82.0 million compared to an inflow of $144.2 million for the year ended December 31, 2007. The decrease of $62.2 million is mainly attributed to a decrease in profit from operating activities and an increase in interest payments of $40.9 million, partially offset by a lower level of net working capital which provided a positive cash impact of $43.5 million, primarily driven by an increase in accounts payable, partially offset by an increase in accounts receivable.

Cash flow from operating activities for the year ended December 31, 2007 increased to $144.2 million from $44.4 million for the year ended December 31, 2006. The increase of $99.8 million was primarily attributable to a lower level of net working capital which provided a positive cash impact of $85.9 million, primarily driven by decreased inventory and increased accounts payable.

Cash flow from investing activities

Cash flows from investing activities for the six months ended June 30, 2009 resulted in a net cash outflow of $35.8 million compared to a net cash outflow of $1,272.2 million for the six month period ended June 30, 2008. The cash outflow for the six months ended June 30, 2009 was primarily attributable to expenditures on property, plant and equipment. The net cash outflow for the six months ended June 30, 2008 was primarily attributable to consideration paid in relation to the Reynolds Acquisition.

Cash flows from investing activities for the year ended December 31, 2008 resulted in a net cash outflow of $1,306.9 million, which included consideration paid of $1,373.4 million in relation to the Reynolds Acquisition and expenditures on property, plant and equipment of $36.6 million, partially offset by an advance of funds from an affiliate of $110.0 million and proceeds from sale of property, plant and equipment of $0.6 million.

Cash flows used in investing activities for the year ended December 31, 2007 were $23.7 million compared to $14.6 million for the year ended December 31, 2006. In both periods, the cash outflows were primarily attributable to expenditures on property, plant and equipment, with the cash outflows in the year ended December 31, 2006 partially offset by $5.1 million of proceeds from the sale of property, plant and equipment.

Cash flow from financing activities

Financing activities for the six months ended June 30, 2009 resulted in a net cash outflow of $12.0 million compared to a net cash inflow of $1,308.5 million for the six months ended June 30, 2008. The outflow for the six months ended June 30, 2009 includes $86.5 million for the repayment of a component of the Reynolds Facility, an inflow of $95.0 million for Reynolds Facility draw downs and payment of $20.5 million of debt issuance costs. The cash inflow for the six months ended June 30, 2008 was primarily attributable to the draw down of borrowings and equity injection to fund the Reynolds Consumer portion of the Reynolds Acquisition.

Financing activities for the year ended December 31, 2008 resulted in a net cash inflow of $1,308.5 million which was primarily attributable to the draw down of borrowings and equity injection to fund the Reynolds Consumer portion of the Reynolds Acquisition. The cash flow from financing activities for the year ended December 31, 2007 resulted in an outflow of $116.4 million, which was primarily due to payments made on borrowings.

Cash flow from financing activities for the year ended December 31, 2007 resulted in an outflow of $116.4 million compared to an outflow of $32.7 million for the year ended December 31, 2006. The increase in the outflow between the two periods was predominantly attributable to an increase in payments made on borrowings for the year ended December 31, 2007.

Capital expenditures

The following table shows historical capital expenditures for property, plant and equipment.

	Reynolds Consumer Predecessor		Aggregated (Reynolds Consumer Predecessor and Reynolds Consumer Successor)		Reynolds Consumer Successor
	Year Ended December 31,		Year Ended December 31, 2008	Six Months Ended June 30, 2008	Six Months Ended June 30, 2009
	2006	2007			
	(In $ millions)			(In $ millions)	
Property, plant and equipment purchases	$ 19.6	$ 23.7	$ 36.6	$ 7.9	$ 30.2
Intangible asset purchases	—	—	—	—	—
Cash spent	19.6	23.7	36.6	7.9	30.2
Proceeds from sale of property, plant and equipment	(5.1)	—	(0.6)	—	—
Proceeds from sale of	—	—	—	—	—

intangibles					
Proceeds on disposal	(5.1)	—	(0.6)	—	—
Net capital expenditures	$ 14.5	$ 23.7	$ 36.0	$ 7.9	$ 30.2

The capital expenditures program primarily comprises expenditures for property, plant and equipment, including purchases required to maintain and upgrade existing facilities as well as those associated with the construction of new facilities.

Capital Resources

Reynolds Consumer Predecessor

Prior to the consummation of the Reynolds Acquisition and the related transactions, Reynolds Consumer Group's principal sources of liquidity had been cash flow from operations, and related party loans and centralized working capital management activities as provided by Alcoa. Reynolds Consumer Group's principal historical liquidity requirements have been for working capital and capital expenditures.

Reynolds Consumer Successor

The Reynolds Acquisition was funded by a combination of drawings under the Reynolds Facility, related party borrowings and equity contributions. After the Reynolds Acquisition, our subsequent operations principally have been funded by existing cash resources, cash flows from operations, capital leases and local bank facilities, we expect to repay the Reynolds facility on the date of the closing of the RGHL Acquisition.

Contractual obligations

The following table summarizes the material obligations of Reynolds Consumer Group as of June 30, 2009

	Payments Due by Period as of June 30, 2009				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	Over 5 Years
			(In $ millions)		
Contractual Obligations:					
Total debt(1)	$ 1,051.9	$ 272.1	$ 779.8	$ —	$ —
Operating leases	32.3	6.5	10.9	6.2	8.7
Unconditional capital expenditure obligation(2)	—	—	—	—	—
Total contractual cash obligations	**$ 1,084.2**	**$ 278.6**	**$ 790.7**	**$ 6.2**	**$ 8.7**

(1) Total contracted debt repayments consist of the principal amounts, fixed and floating rate interest obligations, and the cash flows associated with derivatives designated as hedging instruments

(2) Unconditional purchase obligations consist of capital expenditures obligations

The amounts shown in the table above represent the current contractual obligations of June 30, 2009 without giving pro-forma effect to the RGHL Acquisition. As most of the planned capital expenditures are not currently committed, the future capital expenditures will substantially exceed the amounts shown above. In addition, actual future expenditures for the other items shown above could exceed the amounts shown due to changes in the Reynolds Consumer Group's business plan, operating results or other factors.

Contingent liabilities

Reynolds Consumer Group's contingent liabilities are primarily comprised of guarantees of third-party obligations, indemnification obligations under purchase agreements, letters of credit and performance bonds and other similar obligations in the ordinary course of business.

Off-balance sheet arrangements

Reynolds Consumer Group currently has no material off-balance sheet obligations.

Qualitative and quantitative disclosures about market risk

Interest Rate Risk

The interest rates on the Reynolds Facility are at floating rates, which are currently at historically low levels.

Reynolds Consumer debt includes a number of smaller working capital facilities extended to certain operating companies in the Reynolds Consumer Group. These facilities can accrue interest at floating or fixed rates.

Reynolds Consumer Group currently holds cash on deposit, which earns interest at floating rates. Interest rates earned on these cash deposits are subject to changes in interest rates in various global jurisdictions.

Foreign currency exchange rate risk

The operating companies of Reynolds Consumer Group are principally based in the United States headquartered in Richmond, VA. The currency used in most of our trading activities is the dollar. The currencies used in our major markets outside the United States are the Bulgarian lev, Chinese yuan renminbi, euro and the British pound. As a result, Reynolds Consumer Group is exposed to a level of risk arising from movements in foreign currency exchange rates.

Commodity risk

Reynolds Consumer Group purchases certain raw material commodities such as aluminum, polyethylene resin and natural gas. Reynolds Consumer Group generally purchases these commodities at spot market prices.

From time to time Reynolds Consumer Group hedges a portion of its forward aluminum and natural gas purchase price risk. As of June 30, 2009, Reynolds Consumer Group had the following exposures for commodity derivatives:

	June 30, 2009			
	Aluminum Put Options	Aluminum Swap Contracts	Total Aluminum Contracts	Natural Gas Swap Contracts
	(In $ millions)			
Exposures to commodity derivatives ..	$ 3.2	$ 158.5	$ 161.7	$ 1.0

Pension Plans

The Reynolds Consumer Group sponsors a number of pension plans as of June 30, 2009 including both defined contribution plans and defined benefit plans.

Contributions to defined benefit plans are calculated based the advice of the actuaries plans. Based on the last actuarial assessment performed by an independent actuary (December 31, 2008), a pension cost of $4.9 million was recognized in the statement of comprehensive income for the period ended June 30, 2009.

Contributions to defined contribution plans are generally based on a percentage of the individual’s salary or wages.

Other post employment benefits

Reynolds Consumer Group operates three post-employment medical benefit plans, principally in the United States. Contributions are calculated based the advice of the actuaries plans. Based on the last actuarial assessment performed by an independent actuary (December 31, 2008), a cost of $7.5 million was recognized in the statement of comprehensive income for the period ended December 31, 2008.

Recently Issued Accounting Pronouncements

Business combinations

IFRS 3 Revised "Business Combinations" replaces the existing requirements in accounting for business combinations in IFRS 3 "Business Combinations". IFRS 3 Revised is applicable, on a prospective basis, for any business combination completed in annual reporting periods beginning on or after January 1, 2010. IFRS 3 Revised amends certain measurement and recognition requirements, including expensing of all transaction costs and subsequent changes in the remeasurement of contingent consideration through the profit and loss element of the statements of comprehensive income. IFRS 3 Revised also provides additional guidance in relation to the recognition and measurement of certain acquired identifiable intangible assets such as reacquired rights and vendor indemnities.

Consolidation

IAS 27 Revised "Consolidated and Separate Financial Statements" replaces the existing requirements in preparation of consolidated financial statements in IAS 27 "Consolidated and Separate Financial Statements." IAS 27 Revised is applicable, on a prospective basis in annual reporting periods beginning on or after January 1, 2010. IAS 27 Revised amends the recognition and measurement requirements associated with accounting for changes in ownership interests of an investment in a subsidiary whilst maintaining control. Under IAS 27 Revised these transactions are recognized as an equity transaction. IAS 27 Revised also amends the accounting when there is a loss of control of a subsidiary. Any interest in the remaining former subsidiary is remeasured at fair value and the gain or loss is recognized in the income statement.

Annual Improvements

The IASB has an on-going annual improvements project. This involves the annual release of a range of amendments and clarifications to various accounting standards that the International Accounting Standards Board considers to be non-urgent but necessary amendments. The 2008 omnibus standard, which amends twenty other accounting standards, is effective for annual reporting periods beginning on or after January 1, 2009. The 2009 omnibus standard, which impacts ten other accounting standards, is effective for annual reporting periods beginning on or after January 1, 2010. The 2008 omnibus standard will not have a material impact on the consolidated financial statements on initial adoption. Reynolds Consumer Group is in the process of evaluating the potential impact of the 2009 omnibus standard.

Financial Instruments — amended disclosures

IFRS 7 "Financial Instruments: Disclosures" has been amended to enhance disclosures about fair value measurements and liquidity risk. The amended standard is effective for annual reporting periods beginning on or after January 1, 2009. The amendment has no impact on recognition or measurement requirements.

Transfer of Assets from Customers

IFRIC 18 "Transfers of Assets from Customers" clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. IFRIC 18 is effective for annual reporting periods beginning on or after July 1, 2009. Reynolds Consumer Group is in the process of evaluating the potential impact of IFRIC 18.

Embedded derivatives — amendments

The amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRIC 9 "Reassessment of Embedded Derivatives" clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements. The amendments were effective for annual reporting periods ending on or after June 30, 2009.

Reynolds Consumer Group is in the process of evaluating the potential impact the amendments to IAS 39 and IFRIC 9.

The Closures Group

Closures Overview

Closures Group is a leading manufacturer of plastic caps and closures, primarily serving the carbonated soft drinks, non-carbonated soft drinks and bottled water segments of the global beverage market. We estimate Closures Group holds the number one market position in the global plastic caps and closures market measured by volume, based on 2007 data. Closures Group's products also serve the liquid dairy, food, beer and liquor, pharmaceutical and automotive fluid markets. Closures Group supplies complete closure packaging systems, which include plastic caps and closures, high speed rotary capping equipment and related services. Closures Group supplied its customers with approximately 75 billion caps and closures in 2008.

Closures Group employs approximately 3,200 people. Closures Group operates 29 manufacturing facilities in 19 countries including nine in North America, six in Asia Pacific, six in South America, four in Europe, one in Japan and three in the Middle East and South Asia.

Basis of Presentation

Historical Financial Statements

The discussion and analysis of the Closures Group is based on the following:

- *2006 and 2007:* the audited carve-out combined financial statements of Closures Predecessor for the years ended December 31, 2006 and 2007;

- *2008:* (i) the audited consolidated financial statements of Closures Successor as of December 31, 2008 and (ii) for the year ended December 31, 2008, the aggregation of (a) the unaudited combined financial statements of Closures Predecessor for the two months ended February 29, 2008 and (b) the audited consolidated financial statements of Closures Successor for the period from the date of incorporation on January 7, 2008 to December 31, 2008;

- *June 30, 2008:* (i) the interim unaudited condensed consolidated carve-out financial statements of Closures Successor as of June 30, 2008 and (ii) for the six months ended June 30, 2008, the aggregation of (a) the unaudited combined financial statements of Closures Predecessor for the two months ended February 29, 2008 and (b) the unaudited combined financial statements of Closures Successor for the period from the date of incorporation on January 7, 2008 to June 30, 2008; and

- *June 30, 2009:* the interim unaudited condensed consolidated carve-out financial statements of Closures Successor for the six months ended June 30, 2009.

Accounting Principles

The Closures Predecessor financial statements for the years ended December 31, 2006 and 2007 and the two months ended February 29, 2008 are prepared in accordance with U.S. GAAP. These combined financial statements are prepared using uniform accounting policies for all entities included in Closures Predecessor.

The Closures Successor financial statements for the year ended December 31, 2008 and the interim unaudited condensed consolidated carve-out financial statements as of and for the six months ended June 30, 2009 and as of and for the six months ended June 30, 2008 have been prepared in accordance with IFRS. These combined financial statements are prepared using uniform accounting policies for all entities included in Closures Successor.

The Closures Group's analysis indicates that there are no material differences in relation to financial information presented under U.S. GAAP and the financial information presented under IFRS.

Reporting Currency

Closures Group's consolidated financial statements are presented in dollars. The figures are translated from the functional currencies of the underlying operations into dollars according to the procedures described in IAS 21.

Segment Reporting

In accordance with IFRS 8, the Closures Group comprises only one operating and reportable segment. As the Closures Group represents a single segment, no additional segment information is provided.

Key Factors Influencing Our Financial Condition and Results of Operations

Restructuring and Cost Saving Programs

The Closures Group has completed a number of restructuring and cost-saving programs since the Reynolds Acquisition in order to reduce its operating costs. In addition, current initiatives being implemented focus on lean manufacturing, operational efficiencies, and raw material cost improvements.

Closures Group's restructuring and cost-saving programs have included the following initiatives:

- Workforce reductions;
- Consolidation of facilities;
- Streamlining of research and development activities;
- Equipment enhancements;
- Streamlining of selling, general and administrative costs; and
- Reduction of raw material costs.

As part of the restructuring and cost saving programs, Closures Group has recorded restructuring costs which have decreased Closures EBITDA by $1.9 million in the first half of 2009 and $9.5 million for the year ended December 31, 2008 and $0.6 million for the first half of 2008 and $10.8 for the LTM Period. Closures expects to incur further restructuring costs in 2010, but at a lower level than in prior years.

Raw Material Prices

Closures Group's results of operations are substantially impacted by changes in the cost of raw materials, including resin and aluminum. Changes in raw material prices may impact both revenue and costs of sale. Revenue is directly impacted by raw material cost price-adjustment mechanisms primarily for resin and also impacted by changes in volume caused by price elasticity. Raw material costs represent approximately 62% of our cost of goods sold. The prices for raw materials can fluctuate significantly, particularly resin, which historically has been correlated with oil prices. Closures Group purchases most of its raw materials based on spot market prices, which are tied to published indices. The majority by volume of Closures Group's customers' supply contracts contain price adjustments based on fluctuations in certain raw materials. Closures Group, however, generally cannot immediately pass on price increases to its customers. During 2006, 2007 and 2008, Closures Group's results were adversely impacted by the worldwide increase in resin prices, which reached record high prices in September 2008. From November 2008 to February 2009 resin prices have declined and have stabilized since March 2009.

Effects of Currency Fluctuation

Closures Group's reporting currency is the dollar; however, it operates in different geographical areas and transacts in a range of currencies in addition to the dollar, principally the euro, Mexican peso, Brazilian real and

Japanese yen. Exchange rate fluctuations can therefore either increase or decrease its revenues and expenses when reported in dollars. For most financial periods, the impact on revenues of fluctuations in exchange rates are partially offset by the impact on expenses, as most of Closures Group's business units incur revenue and expenses in their respective local currencies, creating a natural hedge to currency fluctuations. For the years ended December 31, 2007 and 2008, currency fluctuations had a favorable impact of $31.0 million and $43.0 million, respectively, on Closures Group's revenue. For the six months ended June 30, 2009, currency fluctuations had a negative impact of $49.8 million on its revenue.

Pricing and Product Mix

Closures Group's beverage caps and closures product mix has changed in recent years. Over the past few years, Closures Group has developed the mini-closures based on lighter weight closure designs, which has significantly reduced its cost of raw materials and therefore has positively affected its operating margins. In addition, the mini-closures have contributed to an increase in Closures Group's global volumes sold. However, Closures Group has been facing pricing pressure from some of its customers and, as a result, it has experienced certain downward price adjustments in some of its renewed contracts. Closures Group will continue to experience a shift in geographical mix as a result of the continued strong market growth rates in the emerging markets.

Seasonality and Working Capital Fluctuations

Closures Group's business is impacted by moderate seasonal fluctuations. Closure Group experiences some seasonality as a result of increased consumption of bottled beverages during the summer months. In order to avoid capacity shortfalls in the summer months, Closures Group's customers typically begin building inventories in advance of the summer season. Therefore, Closures Group typically experiences a greater level of closure sales in the second and third quarters in the Northern Hemisphere, which represent approximately 82% of the total revenue and in the fourth and first quarters in the Southern Hemisphere, which represents approximately 18% of the total revenue.

The Reynolds Acquisition, Substantial Leverage and Other Transaction-Related Effects

Closures Group results of operations and financial position were significantly impacted by the effects of the Reynolds Acquisition and the related transactions.

The Closures Group business of the Reynolds Acquisition was financed with borrowings of $600.0 million under the Reynolds Facility. As a result, Closures Group has substantial indebtedness, which amounted to $556.2 million as of June 30, 2009. Closures Group's future results of operations, including its net finance expenses, will be significantly affected by its substantial leverage. The servicing of this indebtedness will also impact its cash flows and cash balance.

In addition, in connection with the Reynolds Acquisition, Closures Group recorded goodwill of $344.9 million as of June 30, 2009. Although goodwill is not subject to amortization under IFRS, it is subject to an annual impairment test. To the extent that a significant portion of the purchase price was allocated to identifiable tangible and intangible assets, our depreciation and amortization expenses are significantly higher than in prior historical periods.

Critical Accounting Policies

Closures Group's critical accounting policies are those that Closures Group believes are most important to the portrayal of its financial position and results of operations, and that require the most difficult, subjective or complex judgments. In many cases, the accounting treatment of a particular transaction is specifically dictated by IFRS with no need for the application of judgment. In certain circumstances, however, the preparation of Closures Group's consolidated financial statements in conformity with IFRS requires Closures Group to use its judgment to make certain estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Closures Group believes the policies described below are its most critical accounting policies.

Accounting for Business Combinations

Closures Group accounts for business combinations, where the business is acquired from an unrelated third-party, under the purchase method of accounting. The excess of the purchase price over the fair value of net tangible assets acquired is allocated first to the fair value of identifiable intangible assets. The remaining purchase price is then allocated to goodwill.

Goodwill and acquired indefinite life intangible assets are not amortized. Other acquired intangible assets with finite lives are amortized on a straight line basis over the period of expected benefit.

The results of operations for businesses acquired are included in Closures Group consolidated financial statements from the date of acquisition.

The allocation of the purchase price to the fair value of acquired assets and liabilities involves assessments of the expected future cash flows associated with individual assets and liabilities and appropriate discount rates, as of the date of the acquisition. Subsequent changes in Closures Group's assessments may trigger an impairment loss, which would be recognized in the statement of comprehensive income.

On February 29, 2008, the business of Closures Group was acquired from Alcoa for a total purchase price of $1,082.2 million. The purchase price allocation is reflected in the financial statements as of June 30, 2009 and December 31, 2008.

Impairment of Goodwill, Intangible Assets and Property, Plant and Equipment

Closures Group assesses the carrying values of goodwill, identifiable intangible assets and property, plant and equipment on a regular basis. Goodwill and intangible assets with indefinite useful lives are assessed for impairment at least annually. Other non-current assets are tested when a trigger event may indicate the existence of impairment. If any such indication of impairment exists, the asset's recoverable amount is estimated.

The recoverable amount for an asset is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In estimating future cash flows, Closures Group makes estimates with respect to the useful lives of our assets. Changes in circumstances, including the relative cost efficiency of our production facilities, may cause the Closures Group to change these estimates.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income.

Impairment losses recognized in respect to cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Impairment losses, other than those related to goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. Any impairment loss related to goodwill is not reversed.

As of June 30, 2009, Closures Group had $976.8 million of goodwill, other intangible assets and property, plant and equipment recorded on its statement of financial position. Any impairment in the value of goodwill, intangible assets or property, plant and equipment would result in a reduction in the carrying value in the statement of financial position and an expense recognized in Closures Group's statement of comprehensive income. There was no impairment charge for the period ended June 30, 2009.

Income Taxes

Closures Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision and liability for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Closures Group recognizes liabilities for tax issues based on estimates of whether additional taxes will be due and on our best interpretation of the relevant tax laws. In cases where the final outcome of these tax matters is different from the amounts that were initially recorded, the differences impact the income tax and deferred tax provision in the period in which the determination is made.

Closures Group recognizes deferred tax assets to the extent that it is probable that future taxable profits will allow the deferred tax assets to be recovered. This is based on estimates of taxable income in each jurisdiction in which Closures Group operates and the period over which deferred tax assets are recoverable. In the event that actual results differ from these estimates in future periods and depending on the tax strategies that Closures Group may have been implemented, changes to the recognition of deferred tax assets could be required, and thus could impact Closures Group's financial position and results of operations.

Provisions

Closures Group recognizes a provision in the statement of financial position when it has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Employee Benefits — defined benefit pension obligations and post employment medical benefits

Post-employment benefits represent obligations that will be settled in the future and require assumptions to project benefit obligations. Closures Group provides post-employment benefits to certain employees in the form of defined benefit pension plans. Post-employment benefit accounting is intended to reflect the recognition of future benefit costs over the employee's approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires Closures Group to make certain assumptions regarding variables such as discount rate, rate of compensation increase, and return on assets. Closures Group consults with third-party actuaries regarding these assumptions at least annually. Changes in these key assumptions, including the market value of the assets associated with these obligations, can have a significant impact on Closures Group's consolidated defined benefit obligations, future funding requirements and post-employment benefit costs recognized. While Closures Group believes that its assumptions of future returns are reasonable and appropriate, significant differences in actual experience or inaccuracies in assumptions may materially affect Closures Group's post-employment benefit obligations and future pension expense.

Results of Operations

	Closures Predecessor		Aggregated (Closures Predecessor and Closures Successor)		Closures Successor
	Year Ended December 31,		Year Ended December 31,	Six Months Ended June 30,	Six Months Ended June 30,
	2006	2007	2008(1)(2)	2008(1)(2)	2009
	(U.S. GAAP)	(U.S. GAAP)			(U.S. GAAP)
			(In $ millions) (In $ millions)		
Income Statement					
Revenue	**$ 978.8**	**$ 1,028.5**	**$ 1,016.5**	**$ 522.2**	**$ 484.1**
Cost of Sales	(834.5)	(874.1)	(897.4)	(468.1)	(401.8)
Gross profit	**144.3**	**154.4**	**119.1**	**54.1**	**82.3**
Other income	4.4	1.7	2.6	1.6	9.3
Selling, marketing and distribution expenses	(28.7)	(29.8)	(30.0)	(14.2)	(15.4)
General and administrative expenses	(35.4)	(33.4)	(43.8)	(20.2)	(23.7)
Other expenses	(5.5)	(4.4)	(19.8)	(1.4)	(1.9)
Share of profit of associates and joint ventures, net of income tax (equity method)	—	—	—	—	—
Profit (loss) from operating activities	**79.1**	**88.5**	**28.1**	**19.9**	**50.6**
Financial income	—	—	2.4	1.3	2.0
Financial expenses	(3.7)	(3.2)	(65.5)	(28.4)	(21.6)
Net financial expenses	**(3.7)**	**(3.2)**	**(63.1)**	**(27.1)**	**(19.6)**
Profit (loss) before income tax	**75.4**	**85.3**	**(35.0)**	**(7.2)**	**31.0**
Income tax benefit (expense)	(22.8)	(24.9)	1.1	(0.7)	(6.7)
Profit (loss) from continuing operations	**52.6**	**60.4**	**(33.9)**	**(7.9)**	**24.3**
Profit (loss) from discontinued operations, net of income tax	—	—	—	—	—
Profit (loss) for the period	**$ 52.6**	**$ 60.4**	**$ (33.9)**	**$ (7.9)**	**$ 24.3**
Attributable to:					
Equity holders of the Parent	$ 51.5	$ 59.1	$ (34.8)	$ (8.3)	$ 23.0
Minority interests	1.1	1.3	0.9	0.4	1.3
Depreciation and amortization	49.5	50.3	64.7	30.7	34.1
Closures EBITDA	128.6	138.8	92.8	50.6	84.7
Closures Historical Adjusted EBITDA	$ 131.9	$ 142.0	$ 129.3	$ 66.7	$ 78.3

(1) The aggregate is determined through the addition of the Closures Predecessor and Closures Successor financial statements. The Closures Predecessor financial statements are prepared under U.S. GAAP. The Closures Successor financial statements are prepared under IFRS. The aggregation process has not been subject to audit and is not a presentation permitted by U.S. GAAP or IFRS. We present the aggregated (Closures Predecessor and Closures Successor) information because we believe that it provides a meaningful comparison of operating results by enabling twelve months of fiscal 2008 to be compared with fiscal 2006 and fiscal 2007 and the six months ended June 30, 2008 to be compared with the six months ended June 30, 2009.

(2) The Closures Successor entity was dormant until completion of the Reynolds Acquisition on February 29, 2008.

Six Months Ended June 30, 2009 Compared to Six Months Ended June 30, 2008

Revenue: Revenue decreased by $38.1 million or 7.3% to $484.1 million for the six months ended June 30, 2009 compared to $522.2 million for the six months ended June 30, 2008. After adjusting for the results of certain businesses that were acquired after February 29, 2008, as though they had been acquired on February 29, 2008 (the "Late Close Adjustment"), revenue decreased by $76.0 million, or 13.6%, to $484.1 million for the six months ended June 30, 2009 compared to $560.1 million for the six months ended June 30, 2008. The decrease in revenue was mainly attributable to lower market demand as a result of the overall economic slowdown and unfavorable currency fluctuations which had a negative impact of $49.8 million and price declines, which were partially offset by an increase in global volumes. Giving effect to the Late Close Adjustment, global volumes increased by 0.9 billion units or 2.3% to 39.9 billion units for the six months ended June 30, 2009 compared to 39.0 billion units for the six months ended June 30, 2008 due primarily to an increase in the sale of mini closures totaling 2.6 billion units through June 30, 2009.

North America: Revenue in North America decreased by $30.2 million or 13.2% to $197.9 million for the six months ended June 30, 2009 compared to $228.1 million for the six months ended June 30, 2008. This decrease in revenue was primarily attributable to unfavorable currency fluctuations (mainly related to the Mexican peso and the Costa Rican colon), which had a negative impact of $21.4 million, and to price declines and lower market demand as a result of the overall economic slowdown. The decrease was partially offset by an increase in volumes, mainly as a result of the acquisition of CSI Guadalajara, which generated volume growth of 1.4 billion units and additional revenue of $11.0 million.

Rest of the world: Revenue in the rest of the world decreased by $7.9 million or 2.7% to $286.2 million for the six months ended June 30, 2009 compared to $294.1 million for the six months ended June 30, 2008. Giving effect to the Late Close Adjustment, revenue decreased by $45.8 million, or 13.8% to $286.1 million, for the six months ended June 30, 2009 compared to $331.9 million for the six months ended June 30, 2008. This decrease was primarily attributed to unfavorable currency fluctuations (mainly related to movements in the Brazilian real, the euro, and the Russian ruble which had a negative impact of $34.6 million, partially offset by the movements in the Japanese yen which had a positive impact of $6.2 million), declining resin prices passed through to customers and lower market demand in Europe as a result of the economic slowdown. This was partially offset by volume increases in emerging markets, specifically in China, India and the Middle East. Giving effect to the Late Close Adjustment, estimated that global volumes increased by 0.7 billion units, or 3.3%, to 21.8 billion units for the six months ended June 30, 2009 compared to 21.1 billion units for the six months ended June 30, 2008.

Gross profit: Gross profit increased by $28.2 million or 52.1% to $82.3 million for the six months ended June 30, 2009 from $54.1 million for the six months ended June 30, 2008 while the gross profit margin increased from 10.4% to 17.0% of revenue over this period. Giving effect to the Late Close Adjustment, gross profit increased by $26.5 million or 47.5% to $80.6 million for the six months ended June 30, 2009 compared to $55.6 million for the six months ended June 30, 2008 and the gross profit margin increased to 17.0% for the six months ended June 30, 2009 compared to 9.9% for the six months ended June 30, 2008. This increase was mainly due to the favorable impact of resin prices, increase in volumes which generated a positive impact of $1.3 million, and the implementation of productivity and cost reduction programs. These cost reduction programs consisted mainly of reduction in headcounts and raw material initiatives focusing on scrap reductions, lining improvements and lighter weight closures, which generated a positive impact of $9.3 million. This increase was partially offset by unfavorable currency fluctuations of $14.4 million, higher depreciation and inflationary cost increases, predominately in the emerging markets.

Other income and expenses: Selling, general and administrative expenses increased by $4.7 million, or 13.7%, to $39.1 million for the six months ended June 30, 2009 compared to $34.4 million for the six months ended June 30, 2008. Giving effect to the Late Close Adjustment, selling, general and administrative expense increased by $2.6 million or 7.1% to $39.1 million for the six months ended June 30, 2009 compared to $36.5 million for the six months ended June 30, 2008. This increase was mainly attributable to the transition of certain services currently provided by Alcoa to Closures (pursuant to a transition services agreement entered into in connection with the Reynolds Acquisition), and other one-time expenses related to incentive compensation. This increase was partially offset by a cost reduction program implemented in 2009, related mainly to headcount reductions, which contributed

to an increase of other expenses of $1.2 million for the six months ended June 30, 2009 compared to the six months ended June 30, 2008. This cost reduction program generated total cost savings of $3.9 million for the year ended December 31, 2009. Net other income and expense increased by $7.2 million to a net income position of $7.4 million for the six months ended June 30, 2009. This increase in net income and expense was the result of a $8.3 million unrealized gain from derivative instruments.

Depreciation of property, plant and equipment and amortization of intangible assets: Depreciation of property, plant and equipment and amortization increased by $3.4 million or 11.1% to $34.1 million for the six months ended June 30, 2009 compared to $30.7 million for the six months ended June 30, 2008 mainly as a result of an increase in capital expenditures in connection with the new plant projects in China and the tooling expenditures related to the production of mini closures.

Profit (loss) from operating activities: Profit from operating activities increased by $30.7 million or 154.3% to $50.6 million for the six months ended June 30, 2009 compared to $19.9 million for the six months ended June 30, 2008 as a result of the factors previously discussed. Giving effect to the Late Close Adjustment, profit from operating activities increased by $28.0 million or 123.9% to $50.6 million for the six months ended June 30, 2009 compared to $22.6 million for the six months ended June 30, 2008.

Closures EBITDA: Closures EBITDA increased by $34.1 million or 67.4% to $84.7 million for the six months ended June 30, 2009 compared to $50.6 million for the six months ended June 30, 2008 as a result of the factors as previously discussed. Giving effect to the Late Close Adjustment, estimated Closures EBITDA increased by $29.4 million or 53.2% to $84.7 million for the six months ended June 30, 2009 compared to $55.3 million for the six months ended June 30, 2008.

Closures Historical Adjusted EBITDA: Closures Historical Adjusted EBITDA increased by $11.6 million or 17.4% to $78.3 million for the six months ended June 30, 2009 compared to $66.7 million for the six months ended June 30, 2008. Closures Historical Adjusted EBITDA for the six months ended June 30, 2009 was determined after adding back $1.9 million of restructuring costs related to cost savings programs and deducting $8.3 million of unrealized gains from the mark to market of derivative instruments used primarily for the hedging of commodities. Closures Historical Adjusted EBITDA for the six months ended June 30, 2008 was impacted by adding back additional cost of sales of $8.9 million in increased cost of sales as a result of the revaluation of the carrying value of inventory undertaken as part of purchase accounting in connection with the Reynolds Acquisition, $4.7 million of adjustments for the businesses acquired between March 1, 2008 and July 1, 2008 as if they had been acquired on February 29, 2008, $1.9 million annualization adjustment for the ownership of CSI Guadalajara, which was acquired on September 23, 2008, as if it had been acquired on January 1, 2008, $0.6 million of restructuring costs associated with transitioning Closures from Alcoa, $0.3 million of stock option expense related to Closures Predecessor's compensation program, and $0.1 million of costs related to the removal of the Alcoa IT recharges in relation to the Oracle EBS conversion.

Net financial expenses: Net financial expenses decreased by $7.5 million or 27.7% to $19.6 million for the six months ended June 30, 2009 compared to $27.1 million for the six months ended June 30, 2008. The six months ended June 30, 2009 included a net foreign currency exchange gain of $1.3 million while the six months ended June 30, 2008 included a net foreign currency exchange loss of $10.2 million. Amortization of debt issue costs increased to $4.3 million in the six months ended June 30, 2009 from $2.9 million in the prior period.

Income tax (expense): Income tax expense increased by $6.0 million to $6.7 million for the six months ended June 30, 2009 compared to $0.7 million for the six months ended June 30, 2008, due to tax expenses earnings, offset by the benefits of $1.0 million of previously unrecognized tax losses and $1.0 million of previously unrecognized tax losses and $1.0 million of income not subject to taxation. In 2008, deferred tax assets were not recognized as it was not probable that certain losses in foreign jurisdictions would be able to be recovered.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

Revenue: Revenue decreased by $12.0 million, or 1.2%, to $1,016.5 million for the year ended December 31, 2008 compared to $1,028.5 million for the year ended December 31, 2007. Giving effect to the Late Close Adjustment, revenue increased by $26.9 million, or 2.6%, to $1,055.4 million for the year ended December 31, 2008

compared to $1,028.5 million for the year ended December 31, 2007. This increase in revenue was mainly attributable to the successful pass-through of rising resin prices to Closures' customers and favorable currency fluctuations of $42.6 million, partially offset by decreases in volume. Giving effect to the Late Close Adjustment, estimated global volumes decreased by 3.8 billion units or 4.8% to 75.5 billion units for the year ended December 31, 2008 compared to 79.3 billion units for the year ended December 31, 2007, which represents a decrease in revenue of $49.3 million. The decrease in volume was primarily due to the loss of the U.S. portion of sales of a major customer account, which represented approximately $79.2 million of annual revenue, partially offset by increases in volume from new and existing customers. We recovered approximately 3.9% of the lost business mainly due to the inability of our competitors to satisfy the requirements of this customer. In addition, revenue was negatively impacted by the global economic recession in the second half of 2008 resulting in slower market growth versus prior year growth rates.

North America: Revenue in North America decreased by $30.1 million, or 6.4%, to $438.2 million for the year ended December 31, 2008 compared to $468.3 million for the year ended December 31, 2007. The decrease in revenue was primarily attributable to the loss of the U.S. portion of a major customer account as well as a more severe economic slowdown in North America than in the rest of the world. The North American volume declined by 12.7% to 33.6 billion units, resulting in a $59.6 million reduction in revenue. This decrease was partially offset by the increase in the number of new customer accounts, which generated approximately $7.2 million of revenue as well as the successful pass-through of rising resin prices to Closures' customers, for the year ended December 31, 2008.

Rest of the world: Revenue in other markets increased by $18.1 million or 3.2% to $578.3 million for the year ended December 31, 2008 compared to $560.2 million for the year ended December 31, 2007. Giving effect to the Late Close Adjustment, revenue increased by $57.1 million or 10.1% to $617.3 million for the year ended December 31, 2008 compared to $560.2 million for the year ended December 31, 2007. This increase in revenue in the rest of the world was mainly attributable to the successful pass through of resin price increases to customers and $44.4 million of favorable currency fluctuations, mainly in Brazil, Europe and Japan. Giving effect to the Late Close Adjustment, global volume in the rest of the world increased by 1.1 billion units or 2.7% to 41.9 billion units for the year ended December 31, 2008 compared to 40.8 billion units for the year ended December 31, 2007 which contributed $15.1 million to revenue.

Gross profit: Gross profit decreased by $35.3 million or 22.9% to $119.1 million from $154.4 million, and the gross profit margin decreased from 15.0% to 11.7% of revenue for the year ended December 31, 2008 compared to the year ended December 31, 2007. Giving effect to the Late Close Adjustment, gross profit decreased by $33.6 million or 21.8% to $120.8 million from $154.4 million, and the gross profit margin decreased from 15.0% to 11.47% of revenue for the year ended December 31, 2008 compared to the year ended December 31, 2007. This decrease was mainly due to higher resin prices, lower volumes which decreased revenue by $11.9 million, loss of the U.S. portion of sales of a major customer account and the overall economic downturn. Although Closures Group has raw material cost price-adjustment mechanisms in some of its customer contracts, pass through mechanisms are typically implemented with an average lag of three months. In addition, gross profit margin was negatively impacted by higher depreciation expense of $4.6 million due to the write up of assets in connection with the Reynolds Acquisition, a purchase accounting adjustment for the fair market value of inventory in connection with the acquisition of $8.9 million, and the impact of price inflation on labor and utilities, which were partially offset by improved manufacturing efficiencies, raw materials cost reduction initiatives (i.e., scrap reduction, lining initiatives and light weighting of closures) and restructuring activities.

Other expenses: Selling, general and administrative expenses increased by $10.6 million, or 16.8%, to $73.8 million for the year ended December 31, 2008 compared to $63.2 million for the year ended December 31, 2007. Giving effect to the Late Close Adjustment, selling, general and administrative and expenses increased by $12.8 million, or 20.3%, to $76.0 million for the year ended December 31, 2008 compared to $63.2 million for the year ended December 31, 2007. The increase was mainly attributable to higher amortization of intangible assets resulting from the Reynolds Acquisition. Net other income and expense decreased by $14.5 million to a net expense of $17.2 million for the year ended December 31, 2008, compared to a net expense position of $2.7 million for the year ended December 31, 2007. This decrease in net income and expense was the result of a $9.3 million unrealized loss from derivatives used primarily for hedging resin and higher restructuring expenses of $9.5 million.

Depreciation of property, plant and equipment and amortization of intangible assets: Depreciation of property, plant and equipment and amortization increased by $14.4 million or 28.6% to $64.7 million for the year ended December 31, 2008 compared to $50.3 million for the year ended December 31, 2007 mainly as a result of purchase accounting adjustments related to the Reynolds Acquisition.

Profit (loss) from operating activities: Profit from operating activities decreased by $60.4 million or 68.2% to $28.1 million for the year ended December 31, 2008 compared to $88.5 million for the year ended December 31, 2007 as a result of the factors previously discussed. Giving effect to the Late Close Adjustment, profit from operating activities decreased by $57.7 million or 65.2% to $30.8 million for the year ended December 31, 2008 compared to $88.5 million for the year ended December 31, 2007.

Closures EBITDA: Closures EBITDA decreased by $46.0 million, or 33.1%, to $92.8 million for the year ended December 31, 2008 compared to $138.8 million for the year ended December 31, 2007 as a result of the factors described above. Giving effect to the Late Close Adjustment, Closures EBITDA decreased by $41.2 million or 29.7% to $97.6 million for the year ended December 31, 2008 compared to $138.8 million for the year ended December 31, 2007.

Closures Historical Adjusted EBITDA: Closures Historical Adjusted EBITDA decreased by $12.7 million or 8.9% to $129.3 million for the year ended December 31, 2008 compared to $142.0 million for the year ended December 31, 2007. Closures Historical Adjusted EBITDA for the year ended December 31, 2008 was determined after adding back $9.5 million of restructuring costs related to cost savings programs, $9.3 million of unrealized losses from the mark to market derivative instruments used primarily for the hedging of commodities, $1.9 million of annualization adjustments, which was acquired on September 23, 2008, as if it had been acquired on January 1, 2008, $8.9 million in increased cost of sales as a result of the revaluation of the company value of inventory undertaken as part of purchase accounting in connection with the Reynolds Acquisition, $4.8 million of adjustments related to businesses acquired after between March 1, 2008 and July 1, 2008 as if they had been acquired on February 29, 2008, $1.4 million of acquisition transaction costs related to transition from Alcoa, including costs related to IT systems, $0.4 million of costs related to the removal of the Alcoa IT recharges in recharges in relation to the conversion to the Oracle EBS conversion and $0.3 million of stock option based compensation expense. Including the results of the businesses which were acquired after February 29, 2008, as though they had been acquired on February 29, 2008, Closures Historical Adjusted EBITDA margin decreased by 1.4% of revenue to 12.7% of revenue for the year ended December 31, 2008 compared to 14.1% of revenue for the year ended December 31, 2007.

Net financial expenses: Net financial expenses increased by $59.9 million, to $63.1 million for the year ended December 31, 2008 compared to $3.2 million for the year ended December 31, 2007 as a result of the external debt related to the Reynolds Acquisition.

Income tax benefit (expense): Income tax expense decreased by $26.0 million to an income tax benefit of $1.1 million for the year ended December 31, 2008 compared to an income tax expense of $24.9 million for the year ended December 31, 2007. In the current period, there was a loss before income tax and deferred tax assets were recognized only for the tax losses for which the recovery was probable at that time. Tax expense in the prior period was attributed to positive profit before income tax offset slightly by tax holidays in certain foreign jurisdictions.

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Revenue: Revenue increased by $49.7 million or 5.1% to $1,028.5 million for the year ended December 31, 2007 compared to $978.8 million for the year ended December 31, 2006. This increase was mainly attributable to a favorable currency movement of $30.8 million and overall market growth as well as share growth in existing divisions, which resulted in a 1.5% increase in global volumes to 79.3 billion units, generating approximately a $15.0 million increase in revenue. Closures' ability to pass through increased resin prices to its customers also contributed to the increase in revenue.

North America: Revenue in North America increased by $9.0 million or 2.0% to $468.2 million for the year ended December 31, 2007 compared to $459.2 million for the year ended December 31, 2006. This increase in revenue was mainly attributed to the growth in carbonated soft drinks and bottled water segments which

resulted in an increase in volume of 1.1 billion units, generating an increase in revenue of approximately $13.5 million, which was partially offset by an unfavorable price mix with customer contracts.

Rest of the world: Revenue in the rest of the world increased by $40.7 million or 7.8% to $560.3 million for the year ended December 31, 2007 compared to $519.6 million for the year ended December 31, 2006. This increase in revenue in other markets was mainly attributable to an increase in demand, greater consumption and population growth in certain emerging markets and currency fluctuations. Specifically, volumes in Asia grew 15% to 3.8 billion units, while volumes in China alone grew 33% to 2.5 billion units, driven by growth in the carbonated soft drinks and non-carbonated soft drinks divisions, which generated a total increase in revenue of $21.7 million, This was partially offset by the declining volumes in Europe as a result of the market shift to a one-piece closure and the closing of a plant in the U.K.

Gross profit: Gross profit increased by $10.1 million or 7.0% to $154.4 million from $144.3 million, and the gross profit margin increased from 14.7% to 15.0% of revenue for the year ended December 31, 2007 compared to the year ended December 31, 2006. This increase was mainly due to higher sales volume, improved manufacturing efficiencies and raw material cost reduction programs.

Other expenses: Selling, general and administrative expenses decreased by $0.9 million, or 1.4%, to $63.2 million for the year ended December 31, 2007 compared to $64.1 million for the year ended December 31, 2006. This small decrease was attributed to a variety of cost reduction initiatives which have offset inflationary trends.

Depreciation of property, plant and equipment and amortization: Depreciation of property, plant and equipment and amortization increased by $0.8 million, or 1.6%, to $50.3 million for the year ended December 31, 2007 compared to $49.5 million for the year ended December 31, 2006.

Profit (loss) from operating activities: Profit from operating activities increased by $9.4 million, or 11.9% to $88.5 million for the year ended December 31, 2007 compared to $79.1 million for the year ended December 31, 2006 as a result of the factors previously discussed.

Closures EBITDA: Closures EBITDA increased by $10.2 million or 7.9% to $138.8 million for the year ended December 31, 2007 compared to $128.6 million for the year ended December 31, 2006 as a result of the factors previously discussed.

Closures Historical Adjusted EBITDA: Closures Historical Adjusted EBITDA increased by $10.1 million or 7.7% to $142.0 million for the year ended December 31, 2007 compared to $131.9 million for the year ended December 31, 2006. Closures Historical Adjusted EBITDA for the year ended December 31, 2007 was determined after adding back $0.1 million related to restructuring costs related to cost savings programs, $2.7 million of stock option expense related to the Closures Predecessor's compensation program, $0.4 million of Oracle EBS conversion costs. Closures Historical Adjusted EBITDA for the year ended December 31, 2006 was determined after adding back $0.9 million related to restructuring costs, $1.2 million of stock option expense related to the Closures Predecessor's compensation program, and $1.2 million of Oracle EBS conversion costs.

Net financial expenses: Net financial expenses decreased by $0.5 million or 13.5% to $3.2 million for the year ended December 31, 2007 compared to $3.7 million for the year ended December 31, 2006 as a result of lower intercompany debt with Alcoa.

Income tax benefit (expense): Income tax expense increased by $2.1 million to $24.9 million for the year ended December 31, 2007 compared to income tax expense of $22.8 million for the year ended December 31, 2006 consistent with the increase in profit from operating activities between the periods.

Liquidity and Capital Resources

Historical Cash Flows

The following table discloses our consolidated cash flows from continuing operations for the periods presented:

	Closures Predecessor Year Ended December 31,		Aggregated (Closures Predecessor and Closures Successor)	Aggregated (Closures Predecessor and Closures Successor)	Closures Successor
	2006	2007	Year Ended December 31, 2008(1)(2)(3)	Six Months Ended June 30, 2008(3)	Six Months Ended June 30, 2009(3)
	(U.S. GAAP)	(U.S. GAAP)			(U.S. GAAP)
	(In $ millions)			(In $ millions)	
Cash flows from (used in) operating activities	$ 104.8	$ 132.4	$ 90.4	$ 60.1	$ 57.9
Cash flows from (used in) investing activities	(45.5)	(46.3)	(1,067.9)	(1,057.9)	(11.2)
Cash flows from (used in) financing activities	$ (61.9)	$ (110.3)	$ 1,037.2	$ 1,035.6	$ (53.1)

(1) The aggregate is determined through the addition of Closures Predecessor and Closures Successor financial statements. Closures Predecessor financial statements are prepared under U.S. GAAP. Closures Successor financial statements are prepared under IFRS. The aggregation process has not been subject to an audit and the aggregation is not a presentation permitted by U.S. GAAP or IFRS. We present the aggregated (Closures Predecessor and Closures Successor) information because we believe that it provides a meaningful comparison of operating results by enabling twelve months of fiscal 2008 to be compared with fiscal 2006 and fiscal 2007 and the six months ended June 30, 2008 to be compared with the six months ended June 30, 2009, adjusted for the Closures portion of the Reynolds Acquisition.

(2) The Closures Successor entity was dormant until completion of the Reynolds Acquisition on February 29, 2008.

(3) The Closures Successor financial statements also include a reconciliation between net income under IFRS and net income under U.S. GAAP, a reconciliation between shareholder's equity under IFRS and shareholder's equity under U.S. GAAP, and a U.S. GAAP statement of comprehensive income.

Cash flow from operating activities

Cash flows from operating activities for the six months ended June 30, 2009 generated a net cash inflow of $57.9 million compared to a net cash inflow of $60.1 million for the six months ended June 30, 2008. The $2.2 million decrease is primarily attributable to $17.8 million of interest paid in the six months ended June 30, 2009, as well as higher income tax payments of $6.6 million and increased restructuring costs paid of $3.1 million. These amounts were partially offset by a higher EBITDA in the six months ended June 30, 2009.

Cash flows from operating activities for the year ended December 31, 2008 generated a net cash inflow of $90.4 million, which included $139.4 million of cash received from customers, net of cash paid to suppliers and employees, which was partially offset by interest paid of $33.1 million and income taxes paid of $12.8 million. In the period from February 29, 2008 to December 31, 2008, Closures Group generated cash from operating activities of $90.3 million.

Cash flow from operating activities for the year ended December 31, 2007 increased to $132.6 million from $104.8 million for the year ended December 31, 2006. The increase in cash flow in 2007 is primarily due to a higher EBITDA and a lower level of net working capital which provided an increase of $11.1 million.

Cash flow from investing activities

Cash flows from investing activities for the six months ended June 30, 2009 resulted in a net cash outflow of $11.2 million compared to a net cash outflow of $1,057.9 million for the six months ended June 30, 2008. The

decrease in net cash outflow for the six months ended June 30, 2009 is primarily attributable to the $1,047.0 million consideration paid for the Closures Group portion of the Reynolds Acquisition, partially offset by a net increase of $41.0 million in advances with related parties.

Cash flows from investing activities for the year ended December 31, 2008 resulted in a net cash outflow of $1,067.9 million, which included consideration paid of $1,047.0 million in relation to the Closures Group portion of the Reynolds Acquisition as well as $16.2 million consideration paid net of cash acquired for the acquisition of CSI Guadalajara.

Cash flows used for investing activities for the year ended December 31, 2007 were $46.3 million compared to $45.5 million for the year ended December 31, 2006. In both periods, the cash outflows were primarily attributable to expenditure on property, plant and equipment.

Cash flow from financing activities

Financing activities for the six months ended June 30, 2009 resulted in a net cash outflow of $53.1 million compared to a net cash inflow of $1,035.6 million for the six months ended June 30, 2008. The outflow in 2009 includes $57.2 million for the repayment of a component of the Reynolds Facility, plus transaction costs. The cash inflow for the six months ended June 30, 2008 is primarily attributable to the draw down of borrowings and equity injection to fund the Closures Group portion of the Reynolds Acquisition.

Financing activities for the year ended December 31, 2008 resulted in a net cash inflow of $1,037.2 million which is primarily attributable to the draw down of borrowings and equity injection to fund the Closures Group portion of the Reynolds Acquisition.

Cash flow from financing activities for the year ended December 31, 2007 was an outflow of $110.3 million compared to an outflow of $61.9 million for the year ended December 31, 2006. The outflow in both years is predominantly attributable to a change in net related party balances with Alcoa and Alcoa subsidiaries.

Capital expenditures

The following table shows historical capital expenditures for property, plant and equipment.

	Closures Predecessor		Aggregated (Closures Predecessor and Closures Predecessor)	Aggregated (Closures Predecessor and Closures Successor)	Closures Successor
	Year Ended December 31,		Year Ended December 31, 2008(1)(2)(3)	Six Months Ended June 30, 2008(3)	Six Months Ended June 30, 2009(3)
	2006 (U.S. GAAP)	2007 (U.S. GAAP)			(U.S. GAAP)
	(In $ millions)			(In $ millions)	
Property, plant and equipment purchases	$ 51.6	$ 47.0	$ 43.3	$ 14.0	$ 35.7
Proceeds from sale of property, plant and equipment	(4.8)	(1.1)	(13.7)	(4.5)	(0.4)
Net capital expenditures	$ 46.8	$ 45.9	$ 29.6	$ 9.5	$ 35.3

The capital expenditures program primarily includes capital expenditures for property, plant and equipment, including purchases required to maintain and upgrade existing facilities as well as those associated with the construction of new locations.

Capital Resources

Closures Predecessor

Prior to the consummation of the Reynolds Acquisition and the related transactions, Closures Group's principal sources of liquidity had been cash flow from operations and related party loans and centralized working capital management activities as provided by Alcoa. Closures Group's principal historical liquidity requirements have been for working capital and capital expenditures.

Closures Group Successor

The Reynolds Acquisition was funded by a combination of drawings under the Reynolds Facility and equity contributions. After the Reynolds Acquisition, Closures Group's subsequent operations principally have been funded by existing cash resources, cash flows from operations, capital leases and local bank facilities. We expect to repay the Reynolds Facility on the date of closing of the RGHL Acquisition.

Contractual obligations

The following table summarizes the material obligations of the Closures Group as at June 30, 2009:

	Payments Due by Period as of June 30, 2009				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	Over 5 Years
			(In $ millions)		
Contractual Obligations:					
Total external borrowings(1)	$ 556.2	$ 40.4	$ 515.8	$ —	$ —
Operating leases	34.9	12.0	14.7	5.7	2.5
Unconditional capital expenditure obligation(2)	—	—	—	—	—
Total contractual cash obligations	**$ 591.1**	**$ 52.4**	**$ 530.5**	**$ 5.7**	**$ 2.5**

(1) Total contracted debt repayments consist of the principal amounts, fixed and floating rate interest obligations, and the cash flows associated with derivatives designated as hedging instruments.

(2) Unconditional purchase obligations consist of capital expenditures obligations.

The amounts shown in the table above represent the current contractual obligations of June 30, 2009 without giving pro-forma effect to the RGHL Acquisition. As most of the planned capital expenditures are not currently committed, the future capital expenditures will substantially exceed the amounts shown above. In addition actual future expenditures for the other items shown above could exceed the amounts shown due to changes in the Closures Group's business plan, operating results or other factors.

Contingent liabilities

Closures Group's contingent liabilities are primarily comprised of guarantees of third-party obligations, indemnification obligations under purchase agreements, letters of credit and performance bonds and other similar obligations in the ordinary course of business.

Off-balance sheet arrangements

Closures Group currently has no material off balance sheet obligations.

Qualitative and quantitative disclosures about market risk

Interest Rate Risk

The interest rates on the Reynolds Facility are at floating rates, which are currently at historically low levels.

Closures Group's debt includes a number of smaller working capital facilities extended to certain operating companies in the Closures Group. These facilities can bear interest at floating or fixed rates.

Closures Group currently holds cash on deposit, which earns interest at floating rates. Interest rates earned on these cash deposits are subject to changes in interest rates in various global jurisdictions.

Foreign currency exchange rate risk

The operating companies of the Closures Group consist of an international group of companies headquartered in Indianapolis, Indiana. The currency used in most of Closures Group's trading activities is the dollar. The currencies used in major markets outside the United States are the euro, Japanese yen, Chinese yuan, Mexican peso, Brazilian real, Costa Rican colon, Egyptian pound and the Russian ruble. As a result, Closures Group is exposed to risk arising from movements in foreign currency exchange rates.

Closures Group does not use derivatives to hedge commodity prices.

Commodity risk

Closures Group purchases certain raw material commodities such as resin, generally at prices based on published market prices.

From time to time Closures Group hedges a portion of its forward resin purchase price risk. As of June 30, 2009, Closures Group had the following exposures for commodity derivatives:

	June 30, 2009		
	Resin Forward Purchases	Resin Forward Sales	Total
	(In $ millions)		
Exposures to commodity derivatives ...	0.3	0.3	0.6

Pension Plans

The Closures Group sponsored a number of pension plans as of June 30, 2009, including both defined contribution plans and defined benefit plans.

Contributions to defined benefit plans are calculated based the advice of the plans' actuaries. Based on the last actuarial assessment performed by an independent actuary (December 31, 2008), a pension cost of $2.4 million was recognized in the statement of comprehensive income for the period ended December 31, 2008.

Contributions to defined contribution plans are generally based on a percentage of the individual's salary or wages.

Recently Issued Accounting Pronouncements

Business combinations

IFRS 3 Revised Business Combinations replaces the existing requirements in accounting for business combinations in IFRS 3 Business Combinations. IFRS 3 Revised is applicable, on a prospective basis, for any business combination completed in annual reporting periods beginning on or after January 1, 2010. IFRS 3 Revised amends certain measurement and recognition requirements, including expensing of all transaction costs and subsequent changes in the remeasurement of contingent consideration through the profit and loss element of the statements of comprehensive income. IFRS 3 Revised also provides additional guidance in relation to the recognition and measurement of certain acquired identifiable intangible assets such as reacquired rights and vendor indemnities.

Consolidation

IAS 27 Revised "Consolidated and Separate Financial Statements" replaces the existing requirements in preparation of consolidated financial statements in IAS 27 "Consolidated and Separate Financial Statements". IAS 27 Revised is applicable, on a prospective basis in annual reporting periods beginning on or after January 1, 2010.

IAS 27 Revised amends the recognition and measurement requirements associated with accounting for changes in ownership interests of an investment in a subsidiary whilst maintaining control. Under IAS 27 Revised these transactions are recognized as an equity transaction. IAS 27 Revised also amends the accounting when there is a loss of control of a subsidiary. Any interest in the remaining former subsidiary is remeasured at fair value and the gain or loss is recognized in the income statement.

Annual Improvements

The IASB has an on-going annual improvements project. This involves the annual release of a range of amendments and clarifications to various accounting standards that the International Accounting Standards Board considers to be non-urgent but necessary amendments. The 2008 omnibus standard, which amends twenty other accounting standards, is effective for annual reporting periods beginning on or after January 1, 2009. The 2009 omnibus standard, which impacts ten other accounting standards, is effective for annual reporting periods beginning on or after January 1, 2010. The 2008 omnibus standard will not have a material impact on the consolidated financial statements on initial adoption. We are in the process of evaluating the potential impact of the 2009 omnibus standard.

Financial Instruments — amended disclosures

IFRS 7 “Financial Instruments: Disclosures” has been amended to enhance disclosures about fair value measurements and liquidity risk. The amended standard is effective for annual reporting periods beginning on or after January 1, 2009. The amendment has no impact on recognition or measurement requirements.

Transfer of Assets from Customers

IFRIC 18 “Transfers of Assets from Customers” clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. IFRIC 18 is effective for annual reporting periods beginning on or after July 1, 2009. We are in the process of evaluating the potential impact of IFRIC 18.

Embedded derivatives — amendments

The amendments to IAS 39 “Financial Instruments: Recognition and Measurement” and IFRIC 9 “Reassessment of Embedded Derivatives” clarify that on reclassification of a financial asset out of the ‘at fair value through profit or loss’ category all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements. The amendments were effective for annual reporting periods ending on or after June 30, 2009. We are in the process of evaluating the potential impact the amendments to IAS 39 and IFRIC 9.