

## **Beverage Packaging Holdings (Luxembourg) II S.A.**

*Société anonyme*

Registered office: 6C rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg  
R.C.S. Luxembourg : B 128.914

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### **HOLDER NOTIFICATION**

12 July 2011

#### **Reynolds Group Holdings Limited**

#### **Beverage Packaging Holdings (Luxembourg) II S.A. (the “Company”)**

**Re: €480,000,000 8% Senior Notes due 2016 (ISIN XSO307398502)  
€420,000,000 9½% Senior Subordinated Notes due 2017 (ISIN  
XSO307399062)**

#### **Notice regarding combined financial statements of Beverage Packaging Holdings (Luxembourg) II S.A. and Beverage Packaging Holdings (Luxembourg) I S.A..**

The Company makes available to the holders of its 8% Senior Notes due 2016 and 9½% Senior Subordinated Notes due 2017 the revised combined financial statements of the Company and Beverage Packaging Holdings (Luxembourg) I S.A. (“BPI”) (together, the “Beverage Packaging Holding Group”).

The Company and BPI subsequent to the completion of the audit of their combined financial statements for the year ended December 31, 2010, continued their review of the allocation of the fair values attributable to the assets and liabilities associated with the acquisition of Pactiv Corporation by the Company’s parent company, Reynolds Group Holdings Limited (“Reynolds Group”). Based on this review, which is ongoing, the Company and BPI determined that \$14.9 million of the purchase price, representing the value of environmental permits and other regulatory rights associated with a manufacturing facility operated by the Reynolds Group’s Pactiv Foodservice segment, was allocable to an identifiable intangible asset relating to a facility that closed in December 2010. Consequently, as required by International Financial Reporting Standards (IFRS), the Company and BPI have revised the purchase price allocation and related income statement effects reflected in their combined financial statements for the year ended December 31, 2010 and the quarter ended March 31, 2011. IFRS requires that adjustments to the purchase price allocation and related income statement effects be recognized retrospectively from the date of an acquisition.

As part of the purchase price allocation adjustments, the Company and BPI recognized a \$14.9 million asset impairment loss that has been retrospectively recorded in the December 2010 combined financial statements. The \$14.9 million asset impairment loss has been recognized in other expenses in the revised statement of comprehensive income for the year ended December 31, 2010. The impairment loss (a) had no net impact on previously reported cash flows or adjusted EBITDA for the year ended December 31, 2010 and (b) resulted in a reduction of previously reported net assets by \$9.3 million at December 31, 2010.

The process of finalizing the purchase accounting associated with the acquisition of Pactiv will be completed no later than November 15, 2011. The purchase price allocations may be different than those currently reflected in the Company's and BPI's combined financial statements, and such differences may be material.

The adjustment had the following impacts to the Company's and BPI's combined results of operations and financial position:

<b>Amount in \$ millions</b>	<b>Beverage Packaging Holding Group</b>	
	<b>As Previously Reported</b>	<b>Revised</b>
Other expenses for the year ended December 31, 2010	65.1	80.0
Profit (loss) from operating activities for the year ended December 31, 2010	691.3	676.4
Profit (loss) before income tax for the year ended December 31, 2010	(7.0)	(21.9)
Income tax expense for the year ended December 31, 2010	82.3	76.7
Profit (loss) for the year ended December 31, 2010	(89.3)	(98.6)
EBITDA for the year ended December 31, 2010	1,189.2	1,174.3
Adjusted EBITDA for the year ended December 31, 2010	1,253.8	1,253.8
Intangible assets at December 31, 2010	8,949.8	8,934.9
Total non-current assets at December 31, 2010	12,634.5	12,619.6
Total assets at December 31, 2010	15,924.8	15,909.9
Deferred tax liabilities at December 31, 2010	1,329.9	1,324.3
Total non-current liabilities at December 31, 2010	14,115.6	14,110.0
Total liabilities at December 31, 2010	15,914.3	15,908.7
Net assets at December 31, 2010	10.5	1.2
Equity (deficit) at December 31, 2010	(12.4)	(21.7)
Intangible assets at March 31, 2011	8,960.7	8,945.8
Total non-current assets at March 31, 2011	12,688.1	12,673.2
Total assets at March 31, 2011	16,639.7	16,624.8
Deferred tax liabilities at March 31, 2011	1,263.3	1,257.7
Total non-current liabilities at March 31, 2011	14,898.5	14,892.9

Amount in \$ millions	Beverage Packaging Holding Group	
	As Previously Reported	Revised
Total liabilities at March 31, 2010	16,797.3	16,791.7
Equity (deficit) at March 31, 2011	(179.8)	(189.1)
Net liabilities at March 31, 2011	157.6	(166.9)

The Company and BPI have revised their audited combined financial statements as of December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010 and their interim unaudited combined financial statements as of March 31, 2011 and for the three month periods ended March 31, 2011 and 2010 in order to reflect this adjustment. The revised financial statements are attached hereto.

The revised combined financial statements of the Company and BPI included herein supersede their previously reported financial statements for the corresponding periods.

In addition, Reynolds Group announced today that it revised certain parts of its “Operating and Financial Review and Prospects” section of its annual report for the year ended December 31, 2010 to reflect this adjustment. For further information regarding the impact of such adjustments refer to Reynolds Group’s “Holder Notification—Notice regarding financial statements for Reynolds Group Holdings Limited, Pactiv Corporation and Dopaco” posted today on Reynolds Group’s corporate website [www.reynoldsgroupholdings.com](http://www.reynoldsgroupholdings.com).

#### **About Reynolds Group:**

Reynolds Group is a leading global manufacturer and supplier of consumer food and beverage packaging and storage products. Reynolds Group is based in Auckland, New Zealand. Additional information regarding Reynolds Group is available at [www.reynoldsgroupholdings.com](http://www.reynoldsgroupholdings.com).

This notification is not an offer to sell or a solicitation of an offer to purchase any indebtedness 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. Any indebtedness that may be incurred in connection with the acquisition of Graham may not be registered under the United States Securities and Exchange Act of 1933, as amended, and may not be offered or sold within the United States absent registration or an applicable exemption from registration requirements.

#### **Forward-Looking Statements:**


This notification may contain “forward-looking statements.” Forward-looking statements include statements regarding the goals, beliefs, plans or current expectations of Reynolds Group, 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 outcomes, we are making forward-looking statements. While management has based any forward-looking statements contained herein on its current expectations, the information on which such expectations were based may change. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of risks, uncertainties, and other factors, many of which are outside of our control that could cause actual results to materially differ from such statements. Such uncertainties, risks and assumptions, include, but are not limited to: risks related to the completion of the acquisition of Graham (including, without limitation, risks related to Reynolds Group’s ability to achieve the expected strategic benefits and operational cost synergies), risks related to the cost of raw materials, our suppliers for raw materials and any interruption to our supply of raw materials; risks related to our substantial indebtedness and our ability to service our indebtedness; risks related to our aluminium hedging activities and other hedging activities may result in significant losses and in period-to-period earnings volatility; 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; risks related to our exposure to environmental liabilities and potential changes in legislation or regulation; and risks related to our dependence on key management and other highly skilled personnel.

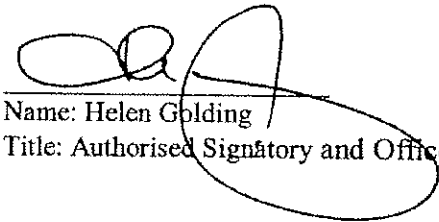
Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new 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.

**Enquiries:**

Beverage Packaging Holdings (Luxembourg) II S.A.  
[enquiries@reynoldsgroupholdings.com](mailto:enquiries@reynoldsgroupholdings.com)



Name: Allen Hugli  
Title: Authorised Signatory and Officer



Name: Helen Golding  
Title: Authorised Signatory and Officer

**Beverage Packaging Holdings Group**

**Interim unaudited condensed financial statements  
for the three month periods ended March 31, 2011 and March 31, 2010**

## Beverage Packaging Holdings Group

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## Beverage Packaging Holdings Group

### Interim unaudited condensed statements of comprehensive income

(In \$ million)	Note	For the three months ended March 31,	
		2011	2010
Revenue		2,367.5	1,407.6
Cost of sales		(1,917.5)	(1,160.8)
<b>Gross profit</b>		<b>450.0</b>	<b>246.8</b>
Other income	7	22.6	34.5
Selling, marketing and distribution expenses		(82.0)	(48.4)
General and administration expenses		(145.6)	(95.4)
Other expenses	8	(57.3)	(12.2)
Share of profit of associates and joint ventures, net of income tax (equity method)		6.3	4.5
<b>Profit from operating activities</b>		<b>194.0</b>	<b>129.8</b>
Financial income	9	95.8	18.6
Financial expenses	9	(381.0)	(152.3)
<b>Net financial expenses</b>		<b>(285.2)</b>	<b>(133.7)</b>
<b>Loss before income tax</b>		<b>(91.2)</b>	<b>(3.9)</b>
Income tax benefit (expense)	10	41.4	(35.3)
<b>Loss after income tax</b>		<b>(49.8)</b>	<b>(39.2)</b>
<b>Other comprehensive income (loss) for the period, net of income tax</b>			
Exchange differences on translating foreign operations		(117.3)	83.3
Transfers from foreign currency translation reserve to profit and loss	16	-	48.5
<b>Total other comprehensive income (loss) for the period, net of income tax</b>		<b>(117.3)</b>	<b>131.8</b>
<b>Total comprehensive income (loss) for the period</b>		<b>(167.1)</b>	<b>92.6</b>
<b>Profit (loss) attributable to:</b>			
Equity holder of the Group		(50.1)	(38.3)
Non-controlling interests		0.3	(0.9)
		<b>(49.8)</b>	<b>(39.2)</b>
<b>Total other comprehensive income (loss) attributable to:</b>			
Equity holder of the Group		(117.3)	131.6
Non-controlling interests		-	0.2
		<b>(117.3)</b>	<b>131.8</b>

The interim unaudited condensed statements of comprehensive income should be read in conjunction with the notes to the interim unaudited condensed financial statements.

**Beverage Packaging Holdings Group**  
**Interim unaudited condensed statements of financial position**

(In \$ million)	Note	As at March 31, 2011	As at December 31, 2010
<b>Assets</b>			
Cash and cash equivalents		1,184.8	663.1
Trade and other receivables		1,115.6	1,145.3
Inventories	11	1,514.1	1,280.6
Current tax assets		53.2	108.6
Assets held for sale		20.2	17.8
Derivatives		15.3	11.8
Other assets		48.4	63.1
<b>Total current assets</b>		<b>3,951.6</b>	<b>3,290.3</b>
Non-current receivables		51.6	47.6
Investments in associates and joint ventures (equity method)		118.0	109.6
Deferred tax assets		25.8	23.3
Property, plant and equipment	12	3,281.4	3,274.6
Investment properties		67.0	67.6
Intangible assets	13	8,945.8	8,934.9
Derivatives		95.9	87.0
Other assets		87.7	75.0
<b>Total non-current assets</b>		<b>12,673.2</b>	<b>12,619.6</b>
<b>Total assets</b>		<b>16,624.8</b>	<b>15,909.9</b>
<b>Liabilities</b>			
Bank overdrafts		3.5	11.7
Trade and other payables		1,485.5	1,238.5
Borrowings	14	30.8	140.6
Current tax liabilities		148.3	139.4
Derivatives		0.2	1.2
Employee benefits		138.6	194.7
Provisions	15	91.9	72.6
<b>Total current liabilities</b>		<b>1,898.8</b>	<b>1,798.7</b>
Non-current payables		8.0	8.3
Borrowings	14	12,564.2	11,714.5
Deferred tax liabilities		1,257.7	1,324.3
Employee benefits		962.6	971.5
Provisions	15	100.4	91.4
<b>Total non-current liabilities</b>		<b>14,892.9</b>	<b>14,110.0</b>
<b>Total liabilities</b>		<b>16,791.7</b>	<b>15,908.7</b>
<b>Net assets (liabilities)</b>		<b>(166.9)</b>	<b>1.2</b>
<b>Equity</b>			
Share capital		1,416.9	1,416.9
Reserves		(1,348.1)	(1,230.8)
Retained earnings (accumulated losses)		(257.9)	(207.8)
<b>Equity (deficit) attributable to equity holder of the Group</b>		<b>(189.1)</b>	<b>(21.7)</b>
Non-controlling interest		22.2	22.9
<b>Total equity (deficit)</b>		<b>(166.9)</b>	<b>1.2</b>

The interim unaudited condensed statements of financial position should be read in conjunction with the notes to the interim unaudited condensed financial statements.

## Beverage Packaging Holdings Group

### Interim unaudited condensed statements of changes in equity

(In \$ million)	Share capital	Translation of foreign operations	Other reserves	Retained earnings (accumulated losses)	Equity (deficit) attributable to equity holder of the Group	Non- controlling interests	Total
Balance at the beginning of the period (January 1, 2010)	1,375.8	53.1	(513.3)	(73.2)	842.4	16.3	858.7
Total comprehensive income for the period:							
Profit (loss) after tax	-	-	-	(38.3)	(38.3)	(0.9)	(39.2)
Foreign exchange translation reserve	-	131.6	-	-	131.6	0.2	131.8
Dividends paid to non-controlling interests	-	-	-	-	-	(1.8)	(1.8)
<b>Balance at March 31, 2010</b>	<b>1,375.8</b>	<b>184.7</b>	<b>(513.3)</b>	<b>(111.5)</b>	<b>935.7</b>	<b>13.8</b>	<b>949.5</b>
Balance at the beginning of the period (January 1, 2011)	1,416.9	330.1	(1,560.9)	(207.8)	(21.7)	22.9	1.2
Total comprehensive income for the period:							
Profit (loss) after tax	-	-	-	(50.1)	(50.1)	0.3	(49.8)
Foreign exchange translation reserve	-	(117.3)	-	-	(117.3)	-	(117.3)
Dividends paid to non-controlling interests	-	-	-	-	-	(1.0)	(1.0)
<b>Balance at March 31, 2011</b>	<b>1,416.9</b>	<b>212.8</b>	<b>(1,560.9)</b>	<b>(257.9)</b>	<b>(189.1)</b>	<b>22.2</b>	<b>(166.9)</b>

The interim unaudited condensed statements of changes in equity should be read in conjunction with the notes to the interim unaudited condensed financial statements.

## Beverage Packaging Holdings Group

### Interim unaudited condensed statements of cash flows

(In \$ million)	For the three months ended	
	2011	2010
<b>Cash flows from operating activities</b>		
Cash received from customers	2,427.6	1,386.1
Cash paid to suppliers and employees	(2,228.4)	(1,232.6)
Interest paid	(58.3)	(27.8)
Income taxes (paid) refunds	27.6	(34.3)
<b>Net cash from operating activities</b>	<b>168.5</b>	<b>91.4</b>
<b>Cash flows used in investing activities</b>		
Acquisition of property, plant and equipment and investment properties	(101.1)	(53.2)
Proceeds from sale of property, plant and equipment, investment properties and other assets	2.4	9.3
Acquisition of intangible assets	(4.0)	(4.4)
Acquisition of businesses, net of cash acquired	-	(24.3)
Disposal of business, net of cash disposed	-	32.4
Disposal of other investments	0.8	1.2
Related party advances	-	(0.7)
Interest received	1.2	1.0
Dividends received from joint ventures	1.8	1.1
<b>Net cash used in investing activities</b>	<b>(98.9)</b>	<b>(37.6)</b>
<b>Cash flows from (used in) financing activities</b>		
Draw down of loans and borrowings:		
2011 Credit Agreement	2,666.2	-
2011 Notes	2,000.0	-
2009 Credit Agreement	10.0	-
Other borrowings	0.2	0.6
Repayment of loans and borrowings:		
2009 Credit Agreement	(4,168.3)	(8.7)
Other borrowings	(1.5)	(1.8)
Payment of transaction costs	(55.8)	(11.8)
Payment for acquisition of businesses under common control*	-	(4.7)
Dividends paid to non-controlling interests	(1.0)	(1.8)
<b>Net cash from (used in) financing activities</b>	<b>449.8</b>	<b>(28.2)</b>
<b>Net increase in cash and cash equivalents</b>	<b>519.4</b>	<b>25.6</b>
Cash and cash equivalents at the beginning of the period	651.4	513.7
Effect of exchange rate fluctuations on cash held	10.5	(5.8)
<b>Cash and cash equivalents at March 31</b>	<b>1,181.3</b>	<b>533.5</b>
<b>Cash and cash equivalents comprise</b>		
Cash and cash equivalents	1,184.8	535.2
Bank overdrafts	(3.5)	(1.7)
<b>Cash and cash equivalents at March 31</b>	<b>1,181.3</b>	<b>533.5</b>

\* Relates to the net payment of the working capital adjustments on the acquisition of the Closures and Reynolds Consumer businesses on November 5, 2009.

The interim unaudited condensed statements of cash flows should be read in conjunction with the notes to the interim unaudited condensed financial statements.

## Beverage Packaging Holdings Group

### Interim unaudited condensed statements of cash flows

#### Reconciliation of the profit for the period with the net cash from operating activities

(In \$ million)	For the three months ended March 31,	
	2011	2010
Profit (loss) for the period	(49.8)	(39.2)
Adjustments for:		
Depreciation of property, plant and equipment	124.2	76.2
Depreciation of investment properties	0.6	0.5
Amortization of intangible assets	66.2	43.5
Net foreign currency exchange loss	0.6	0.8
Change in fair value of derivatives	(4.1)	0.5
Gain (loss) on sale of property, plant and equipment	(0.1)	1.1
Gains on disposal of businesses	-	(9.1)
CSI Americas gain on acquisition	-	(9.8)
Net financial (income) expenses	285.2	133.7
Share of profit of equity accounted investees	(6.3)	(4.5)
Income tax (benefit) expense	(41.4)	35.3
Interest paid	(58.3)	(27.8)
Income tax (paid) refund	27.6	(34.3)
Change in trade and other receivables	41.8	(37.0)
Change in inventories	(220.2)	(42.3)
Change in trade and other payables	42.4	42.9
Change in provisions and employee benefits	(41.1)	(53.0)
Change in other assets and liabilities	1.2	13.9
<b>Net cash from operating activities</b>	<b>168.5</b>	<b>91.4</b>

The interim unaudited condensed statements of cash flows should be read in conjunction with the notes to the interim unaudited condensed financial statements.

## Beverage Packaging Holdings Group

### Interim unaudited condensed statements of cash flows

#### Acquisitions and disposals of businesses

(In \$ million)	For the three months ended March 31,			
	2011		2010	
	Acquisitions	Disposals	Acquisitions	Disposals
<b>Inflow (outflow) of cash:</b>				
Cash receipts (payments)	-	-	(35.1)	32.4
Net cash acquired (disposed of)	-	-	10.8	-
Consideration received, satisfied in notes receivable	-	-	-	14.4
Consideration subject to post-closing adjustments	-	-	(1.1)	1.1
	-	-	<b>(25.4)</b>	<b>47.9</b>
Cash and cash equivalents	-	-	(10.8)	-
Net gain on sale before reclassification from foreign currency translation reserve	-	-	-	(9.9)
<b>Net assets (acquired) disposed of</b>	<b>-</b>	<b>-</b>	<b>(36.2)</b>	<b>38.0</b>
<b>Details of net assets acquired/disposed of:</b>				
Cash and cash equivalents	-	-	(10.8)	-
Trade and other receivables	-	-	(3.0)	11.7
Inventories	-	-	(10.7)	7.7
Deferred tax assets	-	-	(10.8)	-
Property, plant and equipment	-	-	(14.6)	22.2
Intangible assets (excluding goodwill)	-	-	(3.6)	0.4
Other current and non-current assets	-	-	(0.1)	0.4
Investment in associates and joint venture	-	-	-	3.4
Trade and other payables	-	-	7.0	(7.8)
Provisions and employee benefits	-	-	0.6	-
<b>Net assets (acquired) / disposed of</b>	<b>-</b>	<b>-</b>	<b>(46.0)</b>	<b>38.0</b>
Gain on acquisition	-	-	9.8	-
Amounts reclassified from foreign currency translation reserve	-	-	-	0.8
	-	-	<b>(36.2)</b>	<b>38.8</b>

The acquisition in 2010 relates to the purchase of Obrist Americas, Inc. in February 2010. The disposal in 2010 relates to the sale of the Group's envelope window film business and related operations in Avenal, New Jersey and Hazelton, Pennsylvania, together with the Group's interest in Multiplastics (Europe) Limited.

The interim unaudited condensed statements of cash flows should be read in conjunction with the notes to the interim unaudited condensed financial statements.

**Beverage Packaging Holdings Group**  
**Notes to interim unaudited condensed financial statements**  
**For the period ended March 31, 2011**

**1. Reporting entity**

Beverage Packaging Holdings (Luxembourg) I S.A. ("BP I") and Beverage Packaging Holdings (Luxembourg) II S.A. ("BP II") are domiciled in Luxembourg and registered in the Luxembourg "Registre de Commerce et des Sociétés."

The interim unaudited condensed financial statements of Beverage Packaging Holdings Group (the "Group") as at and for the three month period ended March 31, 2011 comprise the combination of:

- BP I and its subsidiaries and their interests in associates and jointly controlled entities (the "BP I Group"); and
- BP II.

The Group is principally engaged in the manufacture and supply of consumer food and beverage packaging and storage products, primarily in North America, Europe, Asia and South America.

The address of the registered office of BP I and BP II is: 6C, rue Gabriel Lippmann, L-5365 Munsbach, Luxembourg.

**2. Basis of preparation**

**2.1 Statement of compliance**

The interim unaudited condensed financial statements have been prepared in accordance with IAS 34: "Interim Financial Reporting". The disclosures required in these interim unaudited condensed financial statements are less extensive than the disclosure requirements for annual financial statements. The December 31, 2010 interim unaudited condensed statement of financial position was derived from audited financial statements, but does not include the disclosures required by IFRS as issued by the IASB.

The interim unaudited condensed financial statements comprise the statements of comprehensive income, financial position, changes in equity and cash flows as well as the relevant notes to the interim unaudited condensed financial statements.

The interim unaudited condensed financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Group for the period ended December 31, 2010.

The interim unaudited condensed financial statements were approved by the Board of Directors (the "Directors") on July 12, 2011.

**2.2 Going concern**

The interim unaudited condensed financial statements have been prepared using the going concern assumption.

The interim unaudited condensed statement of financial position as at March 31, 2011 presents negative equity of \$157.6 million compared to positive equity of \$10.5 million as at December 31, 2010. The movement to negative equity is attributable to the current period loss and exchange differences on translation of foreign operations. However, the relatively small opening total equity is primarily the result of accounting for the common control acquisitions of the Closures segment and the Reynolds consumer products business in 2009, and the Evergreen segment and the operations of the Reynolds foodservice packaging business in 2010. The Group accounts for acquisitions under common control of its ultimate shareholder, Graeme Hart, using the carry-over or book value method. Under the carry-over or book value method, the business combinations do not change the historical carrying values of the assets and liabilities of the businesses acquired. Therefore, the excess of the purchase price, which is determined based on the fair value, over the consolidated carrying values of the share capital acquired, is recognized as a reduction to equity. As at December 31, 2010, the common control transactions had generated a reduction in equity of \$1,560.9 million.

**2.3 Basis of measurement**

The interim unaudited condensed financial statements have been prepared under the historical cost convention except for:

- certain components of inventory which are measured at net realizable value;
- defined benefit pension plan liabilities and post-employment medical plan liabilities which are measured under the projected unit credit method; and
- certain assets and liabilities, such as derivatives, which are measured at fair value.

The accounting policies applied by the Group in these interim unaudited condensed financial statements are the same as those applied by the Group in the annual financial statements for the period ended December 31, 2010.

**2.4 Presentation currency**

These interim unaudited condensed financial statements are presented in US dollars ("\$"), which is the Group's presentation currency. The Group changed its presentation currency from the Euro to \$ in the period ended June 30, 2010.

**2.5 Comparative information resulting from the combination of businesses under common control**

As disclosed in note 33 of the annual financial statements of the Group for the year ended December 31, 2010, on May 4, 2010 the Group acquired the business operations of Evergreen from subsidiaries of Rank Group Limited and on September 1, 2010 the Group acquired the business operations of the Reynolds foodservice packaging business from subsidiaries of Reynolds (NZ) Limited.

Prior to these transactions, these businesses were under the common ownership of the ultimate sole shareholder, Mr. Graeme Hart. This type of transaction is defined as a business combination under common control, which falls outside of the scope of IFRS 3 "Business Combinations (revised)". In accordance with the Group's accounting policy for business combinations under common control, as outlined in note 3.1(d) of the annual financial statements of the Group for the year ended December 31, 2010, the Group has compiled the comparative information as if the acquisition transactions had occurred from the earliest point that common control commenced.

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**2.6 Revisions and reclassifications**

As disclosed in the December 31, 2010 annual financial statements certain adjustments were recorded during the year ended December 31, 2010 to correct the classifications of sales allowances by reducing revenue and cost of sales within the statement of comprehensive income to align with the method of presentation adopted by the Group. The corrected three months ended March 31, 2010 revenue and cost of sales amounts differ by \$23.4 million from the amounts previously reported in the Group's financial statements for the three months ended March 31, 2010. These adjustments had no impact on gross profit, profit from operating activities, EBITDA, Adjusted EBITDA, loss after income tax, the statements of financial position or the statements of cash flows.

As of November 16 and December 31, 2010 the fair values attributed to the assets and liabilities associated with the Pactiv acquisition (refer to note 18) were based on preliminary values. As detailed in note 3.3, the Group is still in the process of finalizing these valuations. In June 2011, a component of these valuations was finalized. As a result, \$14.9 million of the purchase price was allocated to an identifiable intangible asset for the value of environmental permits and other regulatory legal rights associated with a Pactiv Foodservice manufacturing facility. This manufacturing facility had been identified for closure in December 2010. Accordingly, upon finalizing this component of the purchase price allocation, the \$14.9 million asset was impaired and the loss recognized in other expenses in the revised statement of comprehensive income for the year ended December 31, 2010.

As of the date of these financial statements, efforts are ongoing in respect of the finalization of the provisional acquisition accounting. As detailed in note 3.3, further adjustments to the purchase price allocation and the related effects on the statements of comprehensive income may occur, and in accordance with IFRS these adjustments will be recognized retrospectively from the date of acquisition.

The adjustment described above resulted in a reduction in previously reported March 31, 2011 total assets from \$16,639.7 million to \$16,624.8 million and a reduction in net assets as of March 31, 2011 from a deficit of \$157.6 million to a deficit of \$166.9 million. The adjustment described above had no impact on profit after income tax, the statement of cash flows or Adjusted EBITDA (refer to note 6) for the three months ended March 31, 2011.

**2.7 Accounting policies and recently issued accounting pronouncements**

The accounting policies applied by the Group in the interim unaudited condensed financial statements are the same as those applied by the Group in its annual financial statements for the year ended December 31, 2010.

**Recently Issued Accounting Pronouncements**

IFRS 9 "Financial Instruments" is the replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2013, with early adoption permitted. We are currently evaluating the impact of IFRS 9 on our financial statements.

On May 12, 2011, the IASB released IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities" and IFRS 13 "Fair Value Measurement" as part of its new suite of consolidation and related standards, replacing and amending a number of existing standards and pronouncements. Each of these standards is effective for annual reporting periods beginning on or after January 1, 2013, with early adoption permitted.

IFRS 10 introduces a new approach to determining which investments should be consolidated and supersedes the requirements of IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities". Under the requirements of this new standard, the IASB has provided a series of indicators to determine control (replacing the existing hierarchy approach) which requires judgment to be exercised in making the assessment of control. The new standard also introduces the concept of de facto control, provides greater guidance on the assessment of potential voting rights, while also requiring control to be assessed on a continuous basis where changes arise that do not merely result from a change in market conditions. IFRS 11 overhauls the accounting for joint arrangements (previously known as joint ventures) and directly supersedes IAS 31 "Interests in Joint Ventures" while amending IAS 28 (2011) "Investments in Associates and Joint Ventures". Under the requirements of the new standard, jointly controlled entities can be accounted for using either the equity or proportional consolidation method, whereas joint ventures (previously referred to as jointly controlled operations and jointly controlled assets) must be accounted for using the proportional consolidation method. IFRS 12 combines into a single standard the disclosure requirements for subsidiaries, associated and joint arrangements and unconsolidated structure entities. Under the expanded and new disclosure requirements, information is required to be provided to enable users to evaluate the nature of the risks associated with a reporting entity's interest in other entities and the effect those interests can have on the reporting entity's financial position, performance and cash flow. In addition, the standard introduces new disclosures about unconsolidated structure entities. IFRS 13 defines the concept of fair value and establishes a framework for measuring fair value, while setting the disclosure requirement for fair value measurement. The new standard focuses on explaining how to measure fair value when required by other IFRS's. Prior to the introduction of IFRS 13 there was no single source of guidance on fair value measurement. The Group is currently evaluating the effects of IFRS 10, IFRS 11, IFRS 12 and IFRS 13 on its financial statements.

**Interpretations and amendments to existing standards effective in 2011**

The following interpretations and standards which have not previously been early adopted were mandatory for the Group during the current period:

- IFRIC 19 "Extinguishment of financial liabilities with equity instruments" (effective for reporting periods beginning on or after February 1, 2010).
- IAS 24 Amendment "Related Party Disclosures" (effective for financial reporting periods commencing on or after January 1, 2011).
- IAS 32 "Financial Instruments: Presentation - Classification of Rights Issues" (effective for financial reporting periods commencing on or after February 1, 2010).
- Improvements to various IFRSs 2010 – various standards (effective for financial reporting periods commencing on or after July 1, 2010 and January 1, 2011).

The adoption of these interpretations and standards did not have any material impact on the financial statements of the Group for the three months ended March 31, 2011.

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**3. Use of estimates and judgments**

In the preparation of the interim unaudited condensed financial statements, the Directors and management have made certain estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

The key assumptions concerning the future and other key sources of uncertainty in respect of estimates at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period are:

**3.1 Impairment of assets**

**(a) Goodwill and indefinite life intangible assets**

Determining whether goodwill and indefinite life intangible assets are impaired requires estimation of the recoverable values of the segments to which these assets have been allocated. Recoverable values have been based on the higher of fair value less costs to sell or on value in use (as appropriate for the cash generating unit ("CGU") being reviewed). Significant judgement is involved with estimating the fair value of a CGU. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

**(b) Other assets**

Other assets, including property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A change in the Group's intention to use certain assets, such as a decision to rationalize manufacturing locations, may trigger a future impairment.

**3.2 Income taxes**

The Group is subject to income taxes in multiple jurisdictions which require significant judgement to be exercised in determining the Group's provision for income taxes. There are a number of transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Current tax liabilities and assets are recognized at the amount expected to be paid to or recovered from the taxation authorities. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**3.3 Finalization of provisional acquisition accounting**

Following a business combination, the Group has a period of not more than 12 months from the date of acquisition to finalize the acquisition date fair values of acquired assets and liabilities, including the valuations of identifiable intangible assets and property, plant and equipment.

The determination of fair value of acquired identifiable intangible assets and property, plant and equipment involves a variety of assumptions, including estimates associated with useful lives. As at March 31, 2011, the amounts presented for the acquisition of Pactiv Corporation ("Pactiv") have only been determined on a provisional basis. The finalization of these valuations may result in the refinement of assumptions that impact not only the recognized value of such assets, but also amortization and depreciation expense. In accordance with the accounting policy described in note 3.1(a) of the annual financial statements of the Group for the year ended December 31, 2010, any adjustments on finalization of the preliminary purchase accounting are recognized retrospectively from the date of acquisition.

The Group is in the process of combining Pactiv's operations into Reynolds Consumer Products and Pactiv Foodservice. As a result, as at the date of these financial statements, the CGUs within Reynolds Consumer Products and Pactiv Foodservice have not been identified.

**4. Seasonality and Working Capital Fluctuations**

The Group's segments are impacted by seasonal fluctuations.

The SIG segment's customers are principally engaged in providing products such as beverages and food that are generally less sensitive to seasonal effects, although the SIG segment experiences some seasonality as a result of increased consumption of juices and tea during the summer months in Europe. The SIG segment therefore typically experiences a greater level of carton sleeve sales in the second and third quarters. Sales in the fourth quarter can increase due to additional purchases by customers prior to the end of the year to achieve annual volume rebates that the SIG segment offers.

The Evergreen segment is impacted by moderate seasonal fluctuations. The Evergreen segment's customers are principally engaged in providing products, such as beverage packaging, that are generally less sensitive to seasonal effects, although the Evergreen segment does experience some seasonality as a result of increased consumption of milk by school children during the North American academic year. The Evergreen segment therefore typically experiences a greater level of carton product sales in the first and fourth quarters when North American schools are in session.

The Closures segment's operations are impacted by moderate seasonal fluctuations. The Closures segment 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, the Closures segment's customers typically begin building inventories in advance of the summer season. Therefore,

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the Closures segment typically experiences a greater level of closure sales in the second and third quarters in the Northern Hemisphere, which represented 82% of total revenue in 2010, and in the fourth and first quarters in the Southern Hemisphere, which represented 18% of total revenue in 2010.

The Reynolds Consumer Products segment's operations are subject to seasonal patterns of key product lines. Sales in cooking products are typically higher in the fourth quarter of the year, primarily due to the holiday use of Reynolds Wrap foil, Reynolds Oven Bags and Reynolds Parchment Paper. Sales in waste and storage products are typically higher in the second half of the year in North America, coinciding with the harvest season and outdoor fall cleanup.

The Pactiv Foodservice segment's operations are moderately seasonal, peaking during the summer and fall months in the Northern Hemisphere when the favorable weather, harvest, and the upcoming holiday season lead to increased consumption. The Pactiv Foodservice segment therefore typically experiences a greater level of sales in the second and third quarters.

**5. Financial risk management**

**5.1 Financial risk factors**

Exposure to market risk (including currency risk, interest rate risk and commodity prices), credit risk and liquidity risk arises in the normal course of the Group's business. During the three months ended March 31, 2011, the Group continued to apply the risk management objectives and policies which were disclosed in the annual financial statements of the Group for the year ended December 31, 2010.

The interim unaudited condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2010.

**5.2 Liquidity risk**

As described in note 14, during the three month period ended March 31, 2011, the Group issued the 2011 Notes and refinanced the 2009 Credit Agreement. As a result of these changes in borrowings, the Group's contractual cash flows related to total borrowings are as follows:

(In \$ million)	Total debt and interest	Less than one year	One to five years	Greater than five years
<b>March 31, 2011 *</b>	20,109.9	961.7	4,014.4	15,133.8
<b>December 31, 2010 *</b>	18,358.3	1,024.7	5,200.3	12,133.3

\* The interest rate on the floating rate debt balances has been assumed to be the same as the rate as at March 31, 2011 and December 31, 2010, respectively.

There have been no other significant changes in the contractual cash flows of the Group's other financial liabilities.

**5.3 Fair value measurements recognized in the statement of comprehensive income**

The following table sets out an analysis of the Group's financial instruments that are measured subsequent to initial recognition at fair value and are grouped into levels based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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(In \$ million)	Level 1	Level 2	Level 3	Total
<b>March 31, 2011</b>				
<b>Financial assets at fair value through profit or loss</b>				
Derivative financial assets				
Commodity derivatives, net	-	15.1	-	15.1
Embedded derivatives	-	95.9	-	95.9
<b>Total</b>	<b>-</b>	<b>111.0</b>	<b>-</b>	<b>111.0</b>
<b>Financial liabilities at fair value through profit or loss</b>				
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>December 31, 2010</b>				
<b>Financial assets at fair value through profit or loss</b>				
Derivative financial assets				
Commodity derivatives, net	-	10.7	-	10.7
Embedded derivatives	-	86.9	-	86.9
<b>Total</b>	<b>-</b>	<b>97.6</b>	<b>-</b>	<b>97.6</b>
<b>Financial liabilities at fair value through profit or loss</b>				
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

There were no transfers between any levels during the three month period ended March 31, 2011. There have been no changes in the classifications of financial assets as a result of a change in the purpose or use of these assets.

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**6. Segment reporting**

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ("CODM") in order to allocate resources to the segment and to assess its performance.

The Group's CODM resides within the immediate parent company of the Group, Reynolds Group Holdings Limited ("RGHL"). Information reported to the Group's CODM for the purposes of resource allocation and assessment of segment performance is focused on five business segments that exist within the Group. The Group's reportable business segments under IFRS 8 are as follows:

- SIG Combibloc - SIG Combibloc is a manufacturer and supplier of a broad range of aseptic carton packaging solutions. They are designed to retain the taste and nutritional value of beverages and liquid food, without the use of chemical preservatives, even when stored for months without refrigeration. Its business is the supply of aseptic carton packaging systems, which include aseptic filling machines, aseptic cartons, spouts and closures.
- Evergreen – Evergreen is a manufacturer of fresh carton packaging for beverage products, primarily serving the juice and milk markets. Evergreen supplies integrated fresh carton packaging systems, which include fresh cartons, spouts, caps and closures, filling machines and related services. In addition, Evergreen manufactures liquid packaging board for beverage carton manufacturers and paper products for commercial printing.
- Closures – Closures is principally engaged in the design, manufacture and distribution of plastic and aluminum closures as well as capping systems primarily for the beverage industry globally. It also provides its customers with capping equipment and machinery as well as associated technical support and training.
- Reynolds Consumer Products – Reynolds Consumer Products is principally engaged in the manufacture and distribution of household products which are marketed under well recognized brands including Reynolds® and Hefty®. The segment also manufactures private label products under the Presto® product line, which is a leading supplier of store brand plastic storage and waste management products. Prior to the Pactiv acquisition (refer to note 18), the Reynolds Consumer Products segment consisted solely of the Reynolds consumer products business. The Group is in the process of combining its Reynolds consumer products business with its Hefty consumer products business.
- Pactiv Foodservice – Pactiv Foodservice is a manufacturer of foodservice and food packaging products. Pactiv Foodservice offers a range of products including tableware items, takeout service containers, clear rigid-display packaging, microwaveable containers, foam trays, dual-ovenable paperboard containers, molded fiber egg cartons, meat and poultry trays, plastic film and aluminum containers. Prior to the Pactiv Acquisition (refer to note 18), the Pactiv Foodservice segment consisted solely of the Group's Reynolds foodservice packaging business. The Group is in the process of combining its Reynolds foodservice packaging business with its Pactiv foodservice packaging business.

The CODM does not review the business activities of the Group based on geography.

The accounting policies applied by each segment are the same as the Group's accounting policies. Results from operating activities represent the profit earned by each segment without allocation of central administrative revenue and expenses, financial income and expenses and income tax benefit (expense).

The CODM assesses the performance of the operating segments based on adjusted EBITDA. Adjusted EBITDA is defined as net profit before income tax expense, net financial expenses, depreciation and amortization, adjusted to exclude certain significant items of a non-recurring or unusual nature, including but not limited to such items as non-cash pension income, restructuring costs, unrealized gains or losses on derivatives, gains or losses on the sale of non-strategic assets, asset impairments and write downs and equity method profit not distributed in cash.

Inter-segment pricing is determined with reference to prevailing market prices on an arm's length basis.

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#### Business segment reporting

For the three month period ended March 31, 2011

(In \$ million)	For the three month period ended March 31, 2011						Total
	SIG Combibloc	Evergreen	Closures	Reynolds Consumer Products	Pactiv Foodservice	Corporate / unallocated *	
Total external revenue	461.4	382.4	292.2	528.7	702.8	-	2,367.5
Total inter-segment revenue	-	6.8	2.5	12.4	9.4	(31.1)	-
<b>Total segment revenue</b>	<b>461.4</b>	<b>389.2</b>	<b>294.7</b>	<b>541.1</b>	<b>712.2</b>	<b>(31.1)</b>	<b>2,367.5</b>
Gross profit	102.2	62.3	42.4	130.3	112.8	-	450.0
Expenses and other income	(59.8)	(13.6)	(24.8)	(62.5)	(97.9)	(3.7)	(262.3)
Share of profit of associates and joint ventures (equity method)	5.9	0.4	-	-	-	-	6.3
<b>Earnings before interest and tax ("EBIT")</b>	<b>48.3</b>	<b>49.1</b>	<b>17.6</b>	<b>67.8</b>	<b>14.9</b>	<b>(3.7)</b>	<b>194.0</b>
Financial income							95.8
Financial expenses							(381.0)
<b>Loss before income tax</b>							<b>(91.2)</b>
Income tax benefit							41.4
<b>Loss after income tax</b>							<b>(49.8)</b>
<b>Earnings before interest and tax ("EBIT")</b>	<b>48.3</b>	<b>49.1</b>	<b>17.6</b>	<b>67.8</b>	<b>14.9</b>	<b>(3.7)</b>	<b>194.0</b>
Depreciation and amortization	62.4	14.6	19.5	31.3	63.2	-	191.0
<b>Earnings before interest, tax, depreciation and amortization ("EBITDA")</b>	<b>110.7</b>	<b>63.7</b>	<b>37.1</b>	<b>99.1</b>	<b>78.1</b>	<b>(3.7)</b>	<b>385.0</b>
Included in EBITDA:							
Business acquisition costs	-	-	-	-	0.2	0.4	0.6
Business integration costs	-	-	-	-	1.5	-	1.5
Equity method profit not distributed in cash	(4.1)	(0.4)	-	-	-	-	(4.5)
Impact of purchase price accounting on leases	-	-	-	-	(0.4)	-	(0.4)
Impact of purchase price accounting on inventories	-	-	-	-	0.8	-	0.8
Non-cash pension (income)/expense	-	-	-	1.2	1.8	(14.4)	(11.4)
Operational process engineering-related consultancy costs	-	-	-	1.6	3.0	0.6	5.2
Restructuring costs	0.7	-	0.4	9.6	22.9	11.6	45.2
Unrealized loss (gain) on derivatives	(0.2)	(0.6)	0.2	(1.2)	(2.3)	-	(4.1)
<b>Adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA")</b>	<b>107.1</b>	<b>62.7</b>	<b>37.7</b>	<b>110.3</b>	<b>105.6</b>	<b>(5.5)</b>	<b>417.9</b>
<b>Segment assets as at March 31, 2011</b>	<b>3,349.4</b>	<b>1,229.2</b>	<b>1,784.3</b>	<b>1,829.0</b>	<b>412.0</b>	<b>8,020.9</b>	<b>16,624.8</b>

\* Corporate / unallocated includes holding companies and certain debt issuer companies which support the entire Group and which are not part of a specific segment. It also includes eliminations of transactions and balances between segments. In addition, as at March 31, 2011, it includes \$8,850.3 million of assets related to the businesses acquired in the Pactiv acquisition that have not yet been allocated between the Reynolds Consumer Products and Pactiv Foodservice segments. The Group is currently working on the allocation of assets and expects to be completed no later than November 16, 2011. While the statement of financial position data has not been allocated, the Reynolds Consumer Products and Pactiv Foodservice segment results include the contribution from the relative Pactiv businesses for the three month period ended March 31, 2011.

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**Business segment reporting**

For the three month period ended March 31, 2010

(In \$ million)	SIG		Reynolds			Corporate / unallocated *	Total
	Combibloc	Evergreen	Closures	Consumer Products	Pactiv Foodservice		
Total external revenue	410.6	363.4	254.8	248.4	130.4	-	1,407.6
Total inter-segment revenue	-	-	1.0	10.5	14.5	(26.0)	-
<b>Total segment revenue</b>	<b>410.6</b>	<b>363.4</b>	<b>255.8</b>	<b>258.9</b>	<b>144.9</b>	<b>(26.0)</b>	<b>1,407.6</b>
Gross profit	104.6	32.0	35.0	63.1	12.1	-	246.8
Expenses and other income	(55.6)	(18.6)	(14.5)	(28.9)	(3.4)	(0.5)	(121.5)
Share of profit of associates and joint ventures (equity method)	4.2	0.3	-	-	-	-	4.5
<b>Earnings before interest and tax ("EBIT")</b>	<b>53.2</b>	<b>13.7</b>	<b>20.5</b>	<b>34.2</b>	<b>8.7</b>	<b>(0.5)</b>	<b>129.8</b>
Financial income							18.6
Financial expenses							(152.3)
<b>Loss before income tax</b>							<b>(3.9)</b>
Income tax expense							(35.3)
<b>Loss after income tax</b>							<b>(39.2)</b>
<b>Earnings before interest and tax ("EBIT")</b>	<b>53.2</b>	<b>13.7</b>	<b>20.5</b>	<b>34.2</b>	<b>8.7</b>	<b>(0.5)</b>	<b>129.8</b>
Depreciation and amortization	60.0	15.3	21.4	14.4	9.1	-	120.2
<b>Earnings before interest, tax, depreciation and amortization ("EBITDA")</b>	<b>113.2</b>	<b>29.0</b>	<b>41.9</b>	<b>48.6</b>	<b>17.8</b>	<b>(0.5)</b>	<b>250.0</b>
Included in EBITDA:							-
Business acquisition costs	-	0.5	-	-	-	-	0.5
Business interruption costs	-	-	0.8	-	-	-	0.8
CSI Americas gain on acquisition	-	-	(9.8)	-	-	-	(9.8)
Equity method profit not distributed in cash	(3.1)	(0.3)	-	-	-	-	(3.4)
Gain on sale of businesses	-	-	-	-	(9.1)	-	(9.1)
Operational process engineering-related consultancy costs	-	0.8	-	5.3	-	-	6.1
Related party management fees	-	0.6	-	-	-	-	0.6
Restructuring costs (recoveries)	2.9	-	-	(1.2)	(0.7)	-	1.0
Unrealized (gains) losses on derivatives	-	1.1	(0.9)	-	0.3	-	0.5
<b>Adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA")</b>	<b>113.0</b>	<b>31.7</b>	<b>32.0</b>	<b>52.7</b>	<b>8.3</b>	<b>(0.5)</b>	<b>237.2</b>
<b>Segment assets as at December 31, 2010</b>	<b>3,439.3</b>	<b>1,256.6</b>	<b>1,739.1</b>	<b>1,763.0</b>	<b>404.6</b>	<b>7,307.3</b>	<b>15,909.9</b>

\* Corporate / unallocated includes holding companies and certain debt issuer companies which support the entire Group and which are not part of a specific segment. It also includes eliminations of transactions and balances between segments. In addition, as at December 31, 2010 it includes \$8,345.2 million of assets related to the businesses acquired in the Pactiv Acquisition that have not yet been allocated between the Reynolds Consumer Products and Pactiv Foodservice segments.

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**7. Other income**

(In \$ million)	For the three month period ended	
	March 31,	
	2011	2010
CSI Americas gain on acquisition	-	9.8
Gain on sale of businesses	-	9.1
Income from facility management	2.8	1.9
Rental income from investment properties	1.7	1.7
Royalty income	0.6	0.5
Sale of by-products	7.3	5.8
Unrealized gains on derivatives	4.1	-
Other	6.1	5.7
<b>Total other income</b>	<b>22.6</b>	<b>34.5</b>

**8. Other expenses**

(In \$ million)	Note	For the three month period ended	
		March 31,	
		2011	2010
Business acquisition costs		(0.6)	(0.5)
Business integration costs		(1.5)	-
Business interruption costs		-	(0.8)
Loss on disposal of property, plant and equipment		-	(1.1)
Net foreign currency exchange loss		(4.0)	(0.8)
Operational process engineering-related consultancy costs		(5.2)	(6.1)
Related party management fees	17	-	(0.6)
Restructuring costs		(45.2)	(1.0)
Unrealized losses on derivatives		-	(0.5)
Other		(0.8)	(0.8)
<b>Total other expenses</b>		<b>(57.3)</b>	<b>(12.2)</b>

**Beverage Packaging Holdings Group**  
**Notes to the interim unaudited condensed financial statements**

**9. Financial income and expenses**

(In \$ million)	Note	For the three month period ended	
		March 31,	
		2011	2010
Interest income		1.2	1.0
Interest income on related party loans	17	-	1.2
Net change in fair values of derivatives		-	16.4
Net foreign currency exchange gain		94.6	-
<b>Financial income</b>		<b>95.8</b>	<b>18.6</b>
Interest expense			
2011 Credit Agreement		(15.6)	-
2009 Credit Agreement		(29.0)	(21.6)
2011 Notes		(25.2)	-
October 2010 Notes		(60.5)	-
May 2010 Notes		(21.3)	-
2009 Notes		(35.0)	(33.9)
2007 Notes		(26.7)	(27.2)
Pactiv 2012 Notes		(3.7)	-
Pactiv 2017 Notes		(6.1)	-
Pactiv 2018 Notes		(0.3)	-
Pactiv 2025 Notes		(5.5)	-
Pactiv 2027 Notes		(4.2)	-
CHH Facility		-	(5.7)
Related party borrowings		(0.1)	(0.1)
Amortization of:			
Debt issue costs			
2011 Credit Agreement		(0.4)	-
2009 Credit Agreement		(86.0)	(1.5)
2011 Notes		(0.4)	-
October 2010 Notes		(2.5)	-
May 2010 Notes		(0.7)	-
2009 Notes		(2.1)	(2.1)
2007 Notes		(1.0)	(1.0)
CHH Facility		-	(0.3)
Fair value adjustment of Pactiv Notes		2.3	-
Original issue discounts		(38.3)	(1.2)
Embedded derivatives		1.5	0.4
Net change in fair values of derivatives		(18.1)	-
Net foreign currency exchange loss		-	(54.7)
Other		(2.1)	(3.4)
<b>Financial expenses</b>		<b>(381.0)</b>	<b>(152.3)</b>
<b>Net financial expenses</b>		<b>(285.2)</b>	<b>(133.7)</b>

In February 2011, the 2009 Credit Agreement was repaid in full with the proceeds from the 2011 Notes as well as proceeds from the 2011 Credit Agreement. As a result of such repayments, the unamortized debt issuance cost of \$86.0 million and unamortized original issuance discount of \$37.6 million related to the 2009 Credit Agreement were expensed during the three month period ended March 31, 2011. Refer to note 14 for details of the Group's borrowings.

**Beverage Packaging Holdings Group**  
**Notes to the interim unaudited condensed financial statements**

**10. Income tax**

(In \$ million)	For the three month period ended	
	March 31,	
	2011	2010
<b>Reconciliation of effective tax rate</b>		
<b>Loss before income tax</b>	<b>(91.2)</b>	<b>(3.9)</b>
Income tax benefit using the New Zealand tax rate of 28% (2010: 30%)	25.6	1.2
Effect of differences of tax rates in foreign jurisdictions	13.5	(10.1)
Effect of state and local tax rates	2.9	(2.2)
Recognition of previously unrecognized tax losses and temporary differences	11.8	0.3
Other taxable and non-deductible items	(7.7)	(1.7)
Domestic manufacturers deduction	2.4	-
Withholding tax	(2.1)	(0.7)
Current period losses for which no deferred tax asset was recognized	(1.3)	(19.9)
Tax rate modifications	(1.3)	(2.4)
Tax audits and contingencies	(1.0)	-
Other	(1.4)	0.2
<b>Total income tax benefit (expense)</b>	<b>41.4</b>	<b>(35.3)</b>

**11. Inventories**

(In \$ million)	As at March 31, 2011	As at December 31, 2010
Raw materials and consumables	400.4	378.8
Work in progress	187.0	167.0
Finished goods	847.2	646.0
Engineering and maintenance materials	148.5	145.7
Provision against inventories	(69.0)	(56.9)
<b>Total inventories</b>	<b>1,514.1</b>	<b>1,280.6</b>

During the three month period ended March 31, 2011, the write-down of inventories to net realizable value amounted to \$0.9 million (March 31, 2010: \$1.3 million).

**12. Property, plant and equipment**

(In \$ million)	Land	Buildings, plant and equipment	Capital work in progress	Leased assets lessor	Finance leased assets	Total
<b>Cost</b>	212.9	3,490.7	243.6	275.2	28.0	4,250.4
Accumulated depreciation	-	(842.2)	-	(116.9)	(2.3)	(961.4)
Accumulated impairment losses	-	(7.6)	-	-	-	(7.6)
<b>Carrying amount at March 31, 2011</b>	<b>212.9</b>	<b>2,640.9</b>	<b>243.6</b>	<b>158.3</b>	<b>25.7</b>	<b>3,281.4</b>
<b>Cost</b>	219.3	3,447.3	200.8	267.9	28.2	4,163.5
Accumulated depreciation	-	(765.1)	-	(114.2)	(2.0)	(881.3)
Accumulated impairment losses	-	(7.6)	-	-	-	(7.6)
<b>Carrying amount at December 31, 2010</b>	<b>219.3</b>	<b>2,674.6</b>	<b>200.8</b>	<b>153.7</b>	<b>26.2</b>	<b>3,274.6</b>

The total depreciation charge of \$124.2 million for the three month period ended March 31, 2011 (March 31, 2010: \$76.2 million) is recognized in the statements of comprehensive income as a component of cost of sales (March 31, 2011: \$118.6 million, March 31, 2010: \$72.5 million), selling, marketing and distribution expenses (March 31, 2011: \$0.9 million, March 31, 2010: \$1.0 million) and general and administration expenses (March 31, 2011: \$4.7 million, March 31, 2010: \$2.7 million). Property, plant and equipment of \$3,281.4 million at March 31, 2011 include an amount of \$1,434.0 million in respect of the Pactiv acquisition that has been determined on a provisional basis. See note 18 regarding the status of the Pactiv purchase price allocation.

During the three month period ended March 31, 2011, no impairment charges or reversals of previously recognized impairment charges were recognized (March 31, 2010: nil).

The Group leases plant and equipment under finance leases. The leased plant and equipment secures the lease obligations.

Refer to note 14 for details of security granted over property, plant and equipment and other assets.

## Beverage Packaging Holdings Group

### Notes to the interim unaudited condensed financial statements

#### 13. Intangible assets

(In \$ million)	Goodwill	Trademarks	Customer relationships	Technology & software	Other	Total
Cost	4,381.9	2,434.9	2,024.9	547.0	292.9	9,681.6
Accumulated amortization	-	(11.5)	(322.5)	(248.4)	(138.5)	(720.9)
Accumulated impairment losses	-	-	-	-	(14.9)	(14.9)
<b>Carrying amount at March 31, 2011</b>	<b>4,381.9</b>	<b>2,423.4</b>	<b>1,702.4</b>	<b>298.6</b>	<b>139.5</b>	<b>8,945.8</b>
Cost	4,329.4	2,428.1	2,004.9	536.7	288.3	9,587.4
Accumulated amortization	-	(10.5)	(278.1)	(219.1)	(129.9)	(637.6)
Accumulated impairment losses	-	-	-	-	(14.9)	(14.9)
<b>Carrying amount at December 31, 2010</b>	<b>4,329.4</b>	<b>2,417.6</b>	<b>1,726.8</b>	<b>317.6</b>	<b>143.5</b>	<b>8,934.9</b>

The total amortization charge of \$66.2 million for the three month period ended March 31, 2011 (March 31, 2010: \$43.5 million) is recognized in the statements of comprehensive income as a component of cost of sales (March 31, 2011: \$21.7 million, March 31, 2010: \$20.4 million) and general and administration expenses (March 31, 2011: \$44.5 million, March 31, 2010: \$23.1 million). Intangible assets of \$8,945.8 million at March 31, 2011 include an amount of \$5,815.1 million in respect of the Pactiv acquisition that has been determined on a provisional basis. See note 18 regarding the status of the Pactiv purchase price allocation.

#### 13.1 Impairment testing for CGUs containing indefinite life intangible assets

Goodwill, certain trademarks and certain other identifiable intangible assets are the only intangible assets with indefinite useful lives and are therefore not subject to amortization. Instead, recoverable amounts are calculated annually as well as whenever there is an indication that they may be impaired. As at March 31, 2011, provisional goodwill and indefinite life intangible assets of \$4,452.6 million arising from the Pactiv acquisition (refer to note 18) have not yet been allocated to the Group's segments. There were no indicators of impairment as at March 31, 2011.

#### 14. Borrowings

(In \$ million)	Note	As at March 31, 2011	As at December 31, 2010
2011 Credit Agreement <sup>(a)(p)</sup>		26.8	-
2009 Credit Agreement <sup>(b)(q)</sup>		-	135.7
Other borrowings <sup>(x)</sup>		4.0	4.9
<b>Current borrowings</b>		<b>30.8</b>	<b>140.6</b>
2011 Credit Agreement <sup>(a)(p)</sup>		2,635.0	-
2009 Credit Agreement <sup>(b)(q)</sup>		-	3,890.5
2011 Senior Secured Notes <sup>(c)(r)</sup>		999.0	-
2011 Senior Notes <sup>(d)(r)</sup>		992.9	-
October 2010 Senior Secured Notes <sup>(e)(s)</sup>		1,471.1	1,470.2
October 2010 Senior Notes <sup>(f)(s)</sup>		1,464.8	1,463.8
May 2010 Notes <sup>(g)(t)</sup>		978.0	977.6
2009 Notes <sup>(h)(u)</sup>		1,686.7	1,647.6
2007 Senior Notes <sup>(i)(v)</sup>		660.3	620.7
2007 Senior Subordinated Notes <sup>(j)(v)</sup>		577.1	542.3
Pactiv 2012 Notes <sup>(k)(w)</sup>		259.0	260.9
Pactiv 2017 Notes <sup>(l)(w)</sup>		315.4	315.9
Pactiv 2018 Notes <sup>(m)(w)</sup>		16.4	16.4
Pactiv 2025 Notes <sup>(n)(w)</sup>		269.6	269.5
Pactiv 2027 Notes <sup>(o)(w)</sup>		197.0	197.0
Related party borrowings	17	16.6	15.5
Other borrowings <sup>(x)</sup>		25.3	26.6
<b>Non-current borrowings</b>		<b>12,564.2</b>	<b>11,714.5</b>
<b>Total borrowings</b>		<b>12,595.0</b>	<b>11,855.1</b>

**Beverage Packaging Holdings Group**

**Notes to the interim unaudited condensed financial statements**

(In \$ million)	As at March 31, 2011	As at December 31, 2010
(a) 2011 Credit Agreement (current and non-current)	2,678.3	-
Transaction costs	(16.5)	-
<b>Carrying amount</b>	<b>2,661.8</b>	<b>-</b>
(b) 2009 Credit Agreement (current and non-current)	-	4,149.8
Transaction costs	-	(86.0)
Original issue discount	-	(37.6)
<b>Carrying amount</b>	<b>-</b>	<b>4,026.2</b>
(c) 2011 Senior Secured Notes	1,000.0	-
Transaction costs	(15.8)	-
Embedded derivative	14.8	-
<b>Carrying amount</b>	<b>999.0</b>	<b>-</b>
(d) 2011 Senior Notes	1,000.0	-
Transaction costs	(18.2)	-
Embedded derivative	11.1	-
<b>Carrying amount</b>	<b>992.9</b>	<b>-</b>
(e) October 2010 Senior Secured Notes	1,500.0	1,500.0
Transaction costs	(37.3)	(38.5)
Embedded derivative	8.4	8.7
<b>Carrying amount</b>	<b>1,471.1</b>	<b>1,470.2</b>
(f) October 2010 Senior Notes	1,500.0	1,500.0
Transaction costs	(44.5)	(45.8)
Embedded derivative	9.3	9.6
<b>Carrying amount</b>	<b>1,464.8</b>	<b>1,463.8</b>
(g) May 2010 Notes	1,000.0	1,000.0
Transaction costs	(30.7)	(31.4)
Embedded derivative	8.7	9.0
<b>Carrying amount</b>	<b>978.0</b>	<b>977.6</b>
(h) 2009 Notes	1,761.0	1,723.3
Transaction costs	(67.6)	(69.3)
Original issue discount	(19.0)	(19.0)
Embedded derivative	12.3	12.6
<b>Carrying amount</b>	<b>1,686.7</b>	<b>1,647.6</b>
(i) 2007 Senior Notes	678.3	638.2
Transaction costs	(18.0)	(17.5)
<b>Carrying amount</b>	<b>660.3</b>	<b>620.7</b>
(j) 2007 Senior Subordinated Notes	593.6	558.4
Transaction costs	(16.5)	(16.1)
<b>Carrying amount</b>	<b>577.1</b>	<b>542.3</b>
(k) Pactiv 2012 Notes	249.3	249.3
Fair value adjustment at acquisition	9.7	11.6
<b>Carrying amount</b>	<b>259.0</b>	<b>260.9</b>
(l) Pactiv 2017 Notes	299.7	299.7
Fair value adjustment at acquisition	15.7	16.2
<b>Carrying amount</b>	<b>315.4</b>	<b>315.9</b>
(m) Pactiv 2018 Notes	15.7	15.7
Fair value adjustment at acquisition	0.7	0.7
<b>Carrying amount</b>	<b>16.4</b>	<b>16.4</b>
(n) Pactiv 2025 Notes	276.4	276.4
Fair value adjustment at acquisition	(6.8)	(6.9)
<b>Carrying amount</b>	<b>269.6</b>	<b>269.5</b>
(o) Pactiv 2027 Notes	200.0	200.0
Fair value adjustment at acquisition	(3.0)	(3.0)
<b>Carrying amount</b>	<b>197.0</b>	<b>197.0</b>

## Beverage Packaging Holdings Group

### Notes to the interim unaudited condensed financial statements

#### (p) 2011 Credit Agreement

RGHL and certain members of the Group are parties to an amended and restated senior secured credit agreement dated February 9, 2011 (the "2011 Credit Agreement"), which amended and restated the 2009 Credit Agreement and comprises the following term and revolving tranches:

(In million)	Maturity Date	Original Facility Value	Value Drawn or Utilized at March 31, 2011	Applicable interest rate for the three month period ended March 31, 2011
<i>Term Tranches</i>				
US Term Loan (\$)	February 9, 2018	\$2,325.0	\$2,325.0	4.25%
European Term Loan (€)	February 9, 2018	€250.0	€250.0	5.00%
<i>Revolving Tranches <sup>(1)</sup></i>				
\$ Revolving Tranche	November 5, 2014	\$120.0	\$48.5	-
€ Revolving Tranche	November 5, 2014	€80.0	€24.0	-

(1) The Revolving Tranches were utilized in the form of bank guarantees and letters of credit.

The proceeds of the US Term Loan and the European Term Loan under the 2011 Credit Agreement were used to fully repay the Tranche A Term Loan, the Tranche B Term Loan, the Tranche C Term Loan and the European Term Loan under the 2009 Credit Agreement (as defined below).

RGHL and certain members of the Group have guaranteed on a senior basis the obligations under the 2011 Credit Agreement and related documents to the extent permitted by law. Certain guarantors have granted security over certain of their assets to support the obligations under the 2011 Credit Agreement. This security is expected to be shared on a first priority basis with the note holders under the 2009 Notes, the October 2010 Senior Secured Notes and the 2011 Senior Secured Notes.

Indebtedness under the 2011 Credit Agreement may be voluntarily repaid in whole or in part and must be mandatorily repaid in certain circumstances. The borrowers also make quarterly amortization payments of 0.25% of the initial outstanding principal in respect of the term loans.

The 2011 Credit Agreement contains customary covenants which restrict RGHL and the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling or acquiring assets and making restricted payments, in each case except as permitted under the 2011 Credit Agreement. RGHL and the Group also have interest coverage ratio and maximum senior secured leverage ratio covenants as well as limitations on capital expenditures. At March 31, 2011 RGHL and the Group were in compliance with all of their covenants. The total assets of the non-guarantor companies (excluding intra-group items but including investments in subsidiaries) are required to be 20% or less of the consolidated total assets of RGHL and its subsidiaries and the aggregate EBITDA of the non-guarantor companies is required to be 20% or less of the consolidated EBITDA of RGHL and its subsidiaries, in each case calculated in accordance with the 2011 Credit Agreement which may differ from the measure of Adjusted EBITDA disclosed in note 6.

#### (q) 2009 Credit Agreement

RGHL and certain members of the Group were parties to a senior secured credit agreement dated November 5, 2009, as amended from time to time (the "2009 Credit Agreement"). On February 1, 2011, the Tranche D Term Loan under the 2009 Credit Agreement was repaid with the proceeds of the 2011 Notes and on February 9, 2011 the Tranche A Term Loan, the Tranche B Term Loan, the Tranche C Term Loan and the European Term Loan under the 2009 Credit Agreement were repaid with the proceeds of the US Term Loan and European Term Loan under the 2011 Credit Agreement.

#### (r) 2011 Notes

On February 1, 2011, Reynolds Group Issuer LLC, Reynolds Group Issuer Inc. and Reynolds Group Issuer (Luxembourg) S.A., (together, the "Reynolds Issuers") issued \$1,000.0 million principal amount of 6.875% senior secured notes due 2021 (the "2011 Senior Secured Notes") and \$1,000.0 million principal amount of 8.250% senior notes due 2021 (the "2011 Senior Notes" and together with the 2011 Senior Secured Notes the "2011 Notes"). Interest on the 2011 Notes is paid semi-annually on February 15 and August 15 each year, commencing August 15, 2011.

#### (s) October 2010 Notes

On October 15, 2010, the Reynolds Issuers issued \$1,500.0 million principal amount of 7.125% senior secured notes due 2019 (the "October 2010 Senior Secured Notes") and \$1,500.0 million principal amount of 9.000% senior notes due 2019 (the "October 2010 Senior Notes" and, together with the October 2010 Senior Secured Notes, the "October 2010 Notes"). Interest on the October 2010 Notes is paid semi-annually on April 15 and October 15.

#### (t) May 2010 Notes

On May 4, 2010, the Reynolds Issuers issued \$1,000.0 million principal amount of 8.500% senior notes due 2018 (the "May 2010 Notes"). Interest on the May 2010 Notes is paid semi-annually on May 15 and November 15.

## **Beverage Packaging Holdings Group**

### **Notes to the interim unaudited condensed financial statements**

#### **(u) 2009 Notes**

On November 5, 2009, the Reynolds Issuers issued \$1,125.0 million principal amount of 7.750% senior secured notes due 2016 and €450.0 million principal amount of 7.750% senior secured notes due 2016 (collectively, the "2009 Notes"). Interest on the 2009 Notes is paid semi-annually on April 15 and October 15.

#### **Assets Pledged as Security for Loans and Borrowings**

As a result of the pledge of the shares in BP I by RGHL, the carrying values of the assets pledged as collateral under the 2011 Credit Agreement, the 2009 Notes, the October 2010 Senior Secured Notes and the 2011 Senior Secured Notes equates to the assets of the Group.

#### **Terms Governing the Notes**

As used herein "Notes" refers to the 2011 Notes, the October 2010 Notes, the May 2010 Notes and the 2009 Notes.

#### **Certain Guarantee Arrangements**

All of the guarantors of the 2011 Credit Agreement have guaranteed or will guarantee the obligations under the Notes to the extent permitted by law.

The guarantors (other than the entities organized in Australia, Costa Rica and Japan) have granted or will grant security over certain of their assets to support the obligations under the 2011 Senior Secured Notes, the October 2010 Senior Secured Notes and the 2009 Notes. This security is shared on a first priority basis with the creditors under the 2011 Credit Agreement.

#### **Notes Indentures Restrictions**

The respective indentures governing the Notes all contain customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the respective indentures governing the Notes.

#### **Early Redemption Option and Change in Control Provisions**

Under the respective indentures governing the Notes, the Reynolds Issuers, at their option, can elect to redeem the Notes under terms and conditions specified in the respective indenture. The terms of the early redemption constitute an embedded derivative. In accordance with the Group's accounting policy for embedded derivatives, the Group has recognized an embedded derivative in relation to the redemption provisions of the respective Notes.

Under the respective indentures governing the Notes, in certain circumstances which would constitute a change in control, the holders of the Notes have the right to require the Reynolds Issuers to repurchase the Notes at a premium.

#### **U.S. Securities and Exchange Commission Registration Rights**

Pursuant to separate registration rights agreements entered into with the initial purchasers of the Notes, the Reynolds Issuers have agreed (i) to file with the U.S. Securities and Exchange Commission ("SEC") an exchange offer registration statement pursuant to which the Reynolds Issuers will separately exchange the Notes for a like aggregate principal amount of new registered notes that are identical in all material respects to the respective Notes, except for certain provisions, among others, relating to additional interest and transfer restrictions or (ii) under certain circumstances, to file a shelf registration statement with the SEC.

The respective registration rights agreements for the Notes require the relevant filing to be effective within 12 months from the issuance of the Notes. If this does not occur, the Reynolds Issuers are required to pay additional interest of up to a maximum of 1.00% per annum. Additional interest on the 2009 Notes commenced on November 5, 2010. Additional interest on the May 2010 Notes commenced on May 4, 2011.

#### **(v) 2007 Notes**

On June 29, 2007, BP II issued €480.0 million principal amount of 8% senior notes due 2016 (the "2007 Senior Notes") and €420.0 million principal amount of 9.5% senior subordinated notes due 2017 (the "2007 Senior Subordinated Notes" and together with the 2007 Senior Notes, the "2007 Notes"). Interest on the 2007 Notes is paid semi-annually on June 15 and December 15.

The 2007 Senior Notes are secured on a second-priority basis and the 2007 Senior Subordinated Notes are secured on a third-priority basis, by all of the equity interests of BP I held by RGHL and the receivables under loan of the proceeds of the 2007 Notes made by BP II to BP I. All of the guarantors of the 2011 Credit Agreement have guaranteed the obligations under the 2007 Notes to the extent permitted by law.

The indentures governing the 2007 Notes contain customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the indentures for the 2007 Notes.

In certain circumstances which would constitute a change in control, the holders of the 2007 Notes have the right to require BP II to repurchase the 2007 Notes at a premium.

**Beverage Packaging Holdings Group**  
**Notes to the interim unaudited condensed financial statements**

**(w) Pactiv Notes**

As of March 31, 2011 and December 31, 2010, the Group had outstanding:

- \$249.3 million in principal amount of 5.875% Notes due 2012 (the "Pactiv 2012 Notes");
- \$299.7 million in principal amount of 8.125% Debentures due 2017 (the "Pactiv 2017 Notes");
- \$15.7 million in principal amount of 6.400% Notes due 2018 (the "Pactiv 2018 Notes");
- \$276.4 million in principal amount of 7.950% Debentures due 2025 (the "Pactiv 2025 Notes"); and
- \$200.0 million in principal amount of 8.375% Debentures due 2027 (the "Pactiv 2027 Notes"),

(together, the "Pactiv Notes").

For each of the Pactiv Notes, interest is paid semi-annually:

- on the Pactiv 2012 Notes and the Pactiv 2018 Notes, January 15 and July 15;
- on the Pactiv 2017 Notes and the Pactiv 2025 Notes, June 15 and December 15; and
- on the Pactiv 2027 Notes, April 15 and October 15.

The indentures governing the Pactiv Notes contain a negative pledge clause limiting the ability of certain entities within the Group, subject to certain exceptions, to (i) incur or guarantee debt that is secured by liens on "principal manufacturing properties" (as such term is defined in the indentures governing the Pactiv Notes) or on the capital stock or debt of certain subsidiaries that own or lease any such principal manufacturing property and (ii) sell and then take an immediate lease back of such principal manufacturing property.

The Pactiv 2012 Notes, the Pactiv 2017 Notes, the Pactiv 2018 Notes and the Pactiv 2027 Notes may be redeemed at any time at the Group's option, in whole or in part at a redemption price equal to 100% of the principal amount thereof plus any accrued and unpaid interest to the date of the redemption.

**(x) Other borrowings**

At March 31, 2011, in addition to the 2011 Credit Agreement, the Notes, the 2007 Notes and the Pactiv Notes, the Group had a number of unsecured working capital facilities extended to certain operating companies of the Group. These facilities bear interest at floating or fixed rates.

At March 31, 2011, the Group had local working capital facilities in a number of jurisdictions which are secured by the collateral under the 2011 Credit Agreement, the 2009 Notes, the October 2010 Senior Secured Notes, the 2011 Senior Secured Notes and certain other assets. The local working capital facilities which are secured by the collateral under the 2011 Credit Agreement, the 2009 Notes, the October 2010 Senior Secured Notes and the 2011 Senior Secured Notes rank pari passu with the obligations under the 2011 Credit Agreement, the 2009 Notes, the October 2010 Senior Secured Notes and the 2011 Senior Secured Notes. At March 31, 2011, the secured facilities were utilized in the amount of \$2.1 million (December 31, 2010: \$3.3 million) in the form of short-term bank overdrafts, letters of credit and bank guarantees.

Other borrowings at March 31, 2011 also included finance lease obligations of \$27.2 million (December 31, 2010: \$28.2 million).

**15. Provisions**

(In \$ million)	Legal & warranty	Restructuring	Workers' compensation	Other	Total
Current	26.4	39.2	16.8	9.5	91.9
Non-current	25.7	0.1	17.2	57.4	100.4
<b>Total provisions at March 31, 2011</b>	<b>52.1</b>	<b>39.3</b>	<b>34.0</b>	<b>66.9</b>	<b>192.3</b>
Current	26.1	17.2	17.2	12.1	72.6
Non-current	23.5	-	17.6	50.3	91.4
<b>Total provisions at December 31, 2010</b>	<b>49.6</b>	<b>17.2</b>	<b>34.8</b>	<b>62.4</b>	<b>164.0</b>

The Group continued to integrate the operations of Pactiv with the Reynolds Consumer Products and Pactiv Foodservice segments. The initiatives, as well as other restructuring actions across the Group, have resulted in the recognition of \$45.2 million of restructuring expenses for the period ended March 31, 2011. These restructuring expenses primarily related to employee severance and will be settled in cash.

**Beverage Packaging Holdings Group**  
**Notes to the interim unaudited condensed financial statements**

**16. Equity and other comprehensive income**

**16.1 Share capital**

**Beverage Packaging Holdings (Luxembourg) I S.A.**

<b>Number of shares</b>	<b>For the</b>	
	<b>Three month period ended March 31, 2011</b>	<b>Twelve month period ended December 31, 2010</b>
Balance at the beginning of the period	13,063,527	13,063,527
Issue of shares	-	-
<b>Balance</b>	<b>13,063,527</b>	<b>13,063,527</b>

The holder of the shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to BP I's residual assets in the event of a wind-up.

**Beverage Packaging Holdings (Luxembourg) II S.A.**

<b>Number of shares</b>	<b>For the</b>	
	<b>Three month period ended March 31, 2011</b>	<b>Twelve month period ended December 31, 2010</b>
Balance at the beginning of the period	1,000	1,000
Issue of shares	-	-
<b>Balance</b>	<b>1,000</b>	<b>1,000</b>

The holder of the shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to BP II's residual assets in the event of a wind-up.

**16.2 Dividends**

There were no dividends declared or paid by BP I or BP II during the three month period ended March 31, 2011 (2010: nil).

**16.3 Other comprehensive income**

During the period ended March 31, 2011, the Group transferred nil (2010: \$48.5 million) of foreign currency translation reserves which had been previously recognized in other comprehensive income to the profit or loss primarily as a result of the internal restructuring of legal entities within the SIG segment.

## Beverage Packaging Holdings Group

### Notes to the interim unaudited condensed financial statements

#### 17. Related parties

##### Parent and ultimate controlling party

The immediate parent of the Group is RGHL, the ultimate parent of the Group is Packaging Holdings Limited and the ultimate shareholder is Mr. Graeme Hart.

##### Related party transactions

The entities, the nature of the relationship and the types of transactions with which the Group entered into related party transactions during the three month periods ended March 31, 2011 and 2010 are detailed below:

Entity name	Nature of relationship	Nature of transactions
Reynolds Group Holdings Limited	Immediate parent	Financing (loan) <sup>(b)</sup> , interest expense
BPC United States Inc.	Common ultimate shareholder	Management fees, sale of services, trade receivables
Carter Holt Harvey Limited	Common ultimate shareholder	Trade receivables, trade payables, sale of goods, purchase of goods
Carter Holt Harvey Packaging Pty Limited	Common ultimate shareholder	Trade payables, Trade receivables, sale of goods
Carter Holt Harvey Pulp & Paper Limited	Common ultimate shareholder	Trade receivables, trade payables, sale of goods, purchase of goods
Rank Group Limited	Common ultimate shareholder	Trade payables, recharges
Reynolds Consumer Products (NZ) Limited	Common ultimate shareholder	Interest income
Reynolds Packaging (NZ) Limited	Common ultimate shareholder	Trade payables
Reynolds Packaging Group (NZ) Limited	Common ultimate shareholder	Trade payables
Reynolds Treasury (NZ) Limited	Common ultimate shareholder	Interest income
SIG Combibloc Obeikan FZCO	Joint venture	Sale of goods <sup>(a)</sup>
SIG Combibloc Obeikan Company Limited	Joint venture	Distribution <sup>(a)</sup>

**Beverage Packaging Holdings Group**

**Notes to the interim unaudited condensed financial statements**

(In \$ million)	Transaction values for the period ended March 31,		Balances outstanding as at	
	2011	2010	March 31, 2011	December 31, 2010
<b>Transactions with the immediate and ultimate parent companies</b>				
Due to immediate parent <sup>(b)</sup>	-	-	(16.6)	(15.5)
Interest charged	(0.1)	(0.1)	-	-
<b>Transactions with joint ventures</b>				
Sale of goods and services <sup>(a)</sup>	24.6	33.6	30.4	29.3
Purchase of goods <sup>(a)</sup>	(3.6)	-	(6.8)	(3.2)
<b>Transactions with other related parties</b>				
<b>Trade receivables</b>				
BPC United States Inc.	-	-	1.8	1.2
Sale of services	0.6	-	-	-
Carter Holt Harvey Limited	-	-	0.1	1.1
Sale of goods	2.1	-	-	-
Carter Holt Harvey Packaging Pty Limited	-	-	-	4.1
Sale of goods	3.8	-	-	-
Carter Holt Harvey Pulp & Paper Limited	-	-	0.9	0.4
Sale of goods	0.9	-	-	-
Reynolds Treasury (NZ) Limited	-	-	-	-
Interest charged	-	0.3	-	-
<b>Trade payables</b>				
BPC United States Inc.	-	-	-	-
Management fees	-	(0.6)	-	-
Carter Holt Harvey Limited	-	-	(0.3)	(1.1)
Purchase of goods	(0.2)	(1.4)	-	-
Carter Holt Harvey Packaging Pty Limited	-	-	-	(0.2)
Carter Holt Harvey Pulp and Paper Limited	-	-	(4.4)	(3.4)
Purchase of goods	(9.4)	(0.6)	-	-
Rank Group Limited	-	-	(7.3)	(6.5)
Recharges	(9.0)	(5.2)	-	-
Reynolds Packaging (NZ) Limited	-	-	-	(0.6)
Reynolds Packaging Group (NZ) Limited	-	-	-	(0.4)
<b>Loans receivable</b>				
Reynolds Consumer Products (NZ) Limited	-	-	-	-
Interest charged	-	0.9	-	-

(a) All transactions with joint ventures are conducted on an arm's length basis and are settled in cash. Sales and purchases of goods and services are negotiated on a cost-plus basis allowing a margin ranging from 3% to 6%. All amounts are unsecured, non-interest bearing and repayable on demand.

(b) The advance due to RGHL accrues interest at a rate based on EURIBOR plus a margin of 2.38%. During the three month period ended March 31, 2011, interest accrued at a rate of 3.38% (2010: 3.08%). This loan is subordinated to the obligations under the 2011 Credit Agreement, the 2011 Senior Secured Notes, the October 2010 Senior Secured Notes and 2009 Notes and is subject to certain other payment restrictions, including in favor of the 2007 Notes under the terms of the inter-creditor arrangements.

**Beverage Packaging Holdings Group**  
**Notes to the interim unaudited condensed financial statements**

**18. Business combinations**

**Pactiv Corporation**

On November 16, 2010, the Group acquired 100% of the outstanding common stock of Pactiv for a purchase price of \$4,452.0 million. The consideration was paid in cash. There is no contingent consideration payable.

Pactiv is a leading manufacturer of consumer and foodservice packaging products in the United States. The acquisition of Pactiv brings together two consumer and foodservice packaging platforms. The combination increases the Group's product, geographic and customer diversification and creates an extensive and diverse distribution network. The Group's and Pactiv's products are complementary, providing the combined Group with opportunities to generate incremental revenue through cross-selling and category expansion. The Group also expects to realize significant cost savings by consolidating facilities, eliminating duplicate operations, improving supply chain management and achieving other efficiencies. As the Group's businesses are being combined with the acquired business, the Group is unable to quantify the results of the acquired business separately for the first quarter of 2011. For the first quarter of 2010, Pactiv's revenue, profit from operating activities, EBITDA and Adjusted EBITDA were \$783.8 million, \$103.1 million, \$149.5 million and \$137.4 million, respectively. These amounts include IFRS adjustments and will not agree to historically reported Pactiv results as Pactiv reported results under U.S.GAAP.

Funding for the purchase consideration and the refinancing of certain borrowings that were acquired was provided through a combination of additional borrowings, additional equity and existing cash.

The preliminary values of assets, liabilities and contingent liabilities recognized on the acquisition date as listed below were based on their estimated fair values. There have been no changes to these provisional amounts at March 31, 2011. The Group expects to finalize the purchase accounting no later than November 16, 2011.

(In \$ million)	Preliminary values on acquisition
Cash and cash equivalents, net of bank overdrafts	91.3
Trade and other receivables	472.3
Current tax assets	54.7
Deferred tax assets	26.7
Inventories	547.4
Property, plant and equipment	1,434.0
Intangible assets (excluding goodwill)	3,199.9
Other current and non-current assets	59.5
Trade and other payables	(419.0)
Borrowings	(1,482.3)
Deferred tax liabilities	(1,068.6)
Employee benefits	(998.8)
Provisions	(77.1)
<b>Net assets acquired</b>	<b>1,840.0</b>
Non-controlling interests	(18.1)
Goodwill on acquisition	2,630.1
<b>Net assets acquired</b>	<b>4,452.0</b>
Consideration paid in cash	4,452.0
Net cash acquired	(91.3)
<b>Net cash outflow</b>	<b>4,360.7</b>

**Closure Systems International Americas, Inc.**

On February 1, 2010, the Group purchased 100% of the issued capital of Obrist Americas, Inc., a U.S. manufacturer of plastic non-dispensing screw closures for carbonated soft drinks and water containers. Total consideration for the acquisition was \$36.2 million and was paid in cash. The acquired company was subsequently renamed Closure Systems International Americas, Inc. ("CSI Americas"). Refer to the "Acquisitions and disposals of businesses" section included within the interim unaudited condensed statements of cash flows for the period ended March 31, 2010 for details of the net assets acquired.

The finalization of purchase price accounting in December 2010 resulted in a gain on acquisition of \$9.8 million. In accordance with accounting standards, the gain was reflected retroactively as of the date of acquisition.

**19. Contingencies**

**Litigation and legal proceedings**

The Group is subject to litigation in the ordinary course of operations, for which a provision has been recognized in the statement of financial position as at March 31, 2011. The Group does not believe that it is engaged in any other legal proceedings for which a provision has not been made which would be likely to have a material effect on its business, financial position or results of operations.

**Security and guarantee arrangements**

Certain members of the Group have entered into guarantee and security arrangements in respect of the Group's indebtedness described in note 14.

## **Beverage Packaging Holdings Group**

### **Notes to the interim unaudited condensed financial statements**

#### **20. Subsequent events**

##### **Dopaco Acquisition**

On May 2, 2011, the Group acquired Dopaco Inc. and Dopaco Canada Inc. (collectively "Dopaco") from Cascades Inc. Dopaco is a leading manufacturer of paper cups and folding cartons for the quick-service restaurant and food service industries. The consideration for the acquisition paid at closing was \$398.1 million in cash, subject to certain customary post-closing adjustments for net debt and working capital, which are not yet finalized. The consideration was financed from the existing cash of the Group. The combination of the Group's existing distribution network with Dopaco's business will improve its product range to a wider customer base. The acquired business is in the process of being integrated with the Pactiv Foodservice segment.

Dopaco is currently finalizing the opening balance sheet. The Group is also undertaking fair value appraisals and the conversion of Dopaco's accounts from U.S. GAAP to IFRS.

##### **Graham Packaging Acquisition**

On June 17, 2011, the Group entered into an Agreement and Plan of Merger to acquire Graham Packaging Company Inc. ("Graham Packaging"). Under the terms of the Agreement and Plan of Merger (as amended), the Group will pay \$25.50 per Graham Packaging share (in cash). The price to be paid pursuant to the Agreement and Plan of Merger (as amended) represents a total enterprise value, including net debt, of approximately \$4.5 billion. Graham Packaging is a leading global supplier of value-added rigid plastic containers for the food, specialty beverage and consumer products markets. The transaction is subject to certain regulatory approvals and customary closing conditions and is currently expected to close in the second half of 2011. The Group has incurred \$20.0 million of costs related to the acquisition of Graham Packaging, and expects to incur additional costs in the future. All acquisition costs will be expensed in the Group's statement of comprehensive income.

The Group expects to finance the purchase of the shares, the repayment of certain of Graham Packaging's existing indebtedness and associated transaction costs with up to \$5.0 billion of new indebtedness and existing cash.

On June 17, 2011, the Group entered into committed financing arrangements of up to \$5.0 billion. As a result of entering into these arrangements, the Group has incurred finance commitment fees of \$67.5 million, of which \$25.0 million has been expensed in the Group's statement of comprehensive income and \$42.5 million has been deferred as a non-current asset in the Group's statement of financial position. Additional financing fees may be incurred once permanent financing for the acquisition has been finalized.

##### **Restructuring initiatives**

In the period since March 31, 2011, the Group has continued to integrate the operations of Pactiv with the Reynolds Consumer Products and Pactiv Foodservice segments. Certain restructuring initiatives have recently been announced. These initiatives have resulted in the recognition of \$4.5 million of restructuring expenses subsequent to March 31, 2011. Further restructuring expenses may be incurred.

##### **Other**

In June 2011, the Group decided to sell certain investment properties within the SIG segment. This resulted in a reclassification of \$52.6 million of assets from investment properties to assets held for sale in the Group's statement of financial position as of June 30, 2011.

Other than the items disclosed above, there have been no events subsequent to March 31, 2011 which would require accrual or disclosure in these financial statements.

**Beverage Packaging Holdings Group**

**Financial statements for the period ended  
December 31, 2010**

## **Beverage Packaging Holdings Group**

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## **Report of Independent Auditors**

To the Shareholder and Board of Directors of Beverage Packaging Holdings Group:

In our opinion, the accompanying combined statements of financial position and the related combined statements of comprehensive income, statements of changes in equity and statements of cash flows present fairly, in all material respects, the financial position of Beverage Packaging Holdings Group and its subsidiaries (the "Company") at December 31, 2010 and December 31, 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

**PricewaterhouseCoopers LLP**

Chicago, Illinois

July 12, 2011

**Beverage Packaging Holdings Group**  
**Statements of comprehensive income**  
For the period ended

(In \$ million)	Note	For the period ended December 31,		
		2010	2009	2008
Revenue	8	6,774.0	5,910.0	6,012.8
Cost of sales		(5,520.4)	(4,691.3)	(5,309.2)
<b>Gross profit</b>		<b>1,253.6</b>	<b>1,218.7</b>	<b>703.6</b>
Other income	9	102.1	201.0	93.6
Selling, marketing and distribution expenses		(230.7)	(210.7)	(228.5)
General and administration expenses		(386.7)	(366.4)	(334.3)
Other expenses	11	(80.0)	(95.9)	(246.4)
Share of profit of associates and joint ventures, net of income tax (equity method)	24	18.1	11.4	6.3
<b>Profit (loss) from operating activities</b>		<b>676.4</b>	<b>758.1</b>	<b>(5.7)</b>
Financial income	13	51.6	9.3	146.5
Financial expenses	13	(749.9)	(496.2)	(375.8)
<b>Net financial expenses</b>		<b>(698.3)</b>	<b>(486.9)</b>	<b>(229.3)</b>
<b>Profit (loss) before income tax</b>		<b>(21.9)</b>	<b>271.2</b>	<b>(235.0)</b>
Income tax benefit (expense)	14	(76.7)	(147.9)	34.6
<b>Profit (loss) from continuing operations</b>		<b>(98.6)</b>	<b>123.3</b>	<b>(200.4)</b>
Profit from discontinued operations	7	-	-	44.0
<b>Profit (loss) for the period</b>		<b>(98.6)</b>	<b>123.3</b>	<b>(156.4)</b>
<b>Other comprehensive income (expense) for the period, net of income tax</b>				
Cash flow hedges		-	11.5	(7.7)
Exchange differences on translating foreign operations		227.6	71.7	(36.8)
Transfers from foreign currency translation reserve to profit and loss		48.9	-	-
<b>Total other comprehensive income (expense) for the period, net of income tax</b>	15	<b>276.5</b>	<b>83.2</b>	<b>(44.5)</b>
<b>Total comprehensive income (expense) for the period</b>		<b>177.9</b>	<b>206.5</b>	<b>(200.9)</b>
<b>Profit (loss) attributable to:</b>				
Equity holder of the Group		(98.6)	123.5	(156.8)
Non-controlling interests		-	(0.2)	0.4
		<b>(98.6)</b>	<b>123.3</b>	<b>(156.4)</b>
<b>Total other comprehensive income (expense) attributable to:</b>				
Equity holder of the Group		277.0	82.9	(43.3)
Non-controlling interests		(0.5)	0.3	(1.2)
		<b>276.5</b>	<b>83.2</b>	<b>(44.5)</b>

**Beverage Packaging Holdings Group**  
**Statements of financial position**

(In \$ million)	Note	As at December 31	
		2010	2009
<b>Assets</b>			
Cash and cash equivalents	16	663.1	514.8
Trade and other receivables	17	1,145.3	683.1
Derivatives	30	11.8	6.3
Assets held for sale	18	17.8	33.7
Current tax assets	22	108.6	8.5
Inventories	19	1,280.6	755.6
Other assets		63.1	82.6
<b>Total current assets</b>		<b>3,290.3</b>	<b>2,084.6</b>
Non-current receivables	17	47.6	113.5
Investments in associates and joint ventures (equity method)	24	109.6	103.8
Deferred tax assets	22	23.3	18.3
Property, plant and equipment	20	3,274.6	1,825.0
Investment properties	21	67.6	76.3
Intangible assets	23	8,934.9	3,279.1
Derivatives	30	87.0	16.8
Other assets		75.0	17.1
<b>Total non-current assets</b>		<b>12,619.6</b>	<b>5,449.9</b>
<b>Total assets</b>		<b>15,909.9</b>	<b>7,534.5</b>
<b>Liabilities</b>			
Bank overdrafts		11.7	1.1
Trade and other payables	25	1,238.5	756.0
Borrowings	26	140.6	111.6
Current tax liabilities	22	139.4	74.6
Derivatives	30	1.2	15.3
Employee benefits	27	194.7	135.4
Provisions	28	72.6	80.9
Other liabilities		-	2.0
<b>Total current liabilities</b>		<b>1,798.7</b>	<b>1,176.9</b>
Non-current payables	25	8.3	28.4
Borrowings	26	11,714.5	4,858.1
Deferred tax liabilities	22	1,324.3	331.0
Employee benefits	27	971.5	241.3
Provisions	28	91.4	40.1
<b>Total non-current liabilities</b>		<b>14,110.0</b>	<b>5,498.9</b>
<b>Total liabilities</b>		<b>15,908.7</b>	<b>6,675.8</b>
<b>Net assets</b>		<b>1.2</b>	<b>858.7</b>
<b>Equity</b>			
Share capital	29	1,416.9	1,375.8
Reserves	29	(1,230.8)	(460.2)
Retained earnings (accumulated losses)		(207.8)	(73.2)
<b>Equity (deficit) attributable to equity holder of the Group</b>		<b>(21.7)</b>	<b>842.4</b>
Non-controlling interests		22.9	16.3
<b>Total equity</b>		<b>1.2</b>	<b>858.7</b>

**Beverage Packaging Holdings Group**  
**Statements of changes in equity**

(In \$ million)	Note	Share capital	Translation of foreign operations	Other reserves	Hedge reserve	Retained earnings (accumulated losses)	Equity (deficit) attributable to equity holder of the Group	Non-controlling interests	Total
Balance at the beginning of the period (January 1, 2008)		552.4	17.3	-	(3.8)	(39.9)	526.0	7.0	533.0
Issue of shares, net of issue costs		1,051.4	-	-	-	-	1,051.4	-	1,051.4
Common control transactions		-	-	71.1	-	-	71.1	-	71.1
Total comprehensive income for the period:									
Profit (loss) after tax		-	-	-	-	(156.8)	(156.8)	0.4	(156.4)
Foreign exchange translation reserve		-	(35.6)	-	-	-	(35.6)	(1.2)	(36.8)
Cash flow hedges		-	-	-	(7.7)	-	(7.7)	-	(7.7)
Non-controlling interests acquired through business combinations		-	-	-	-	-	-	10.5	10.5
<b>Balance at December 31, 2008</b>		<b>1,603.8</b>	<b>(18.3)</b>	<b>71.1</b>	<b>(11.5)</b>	<b>(196.7)</b>	<b>1,448.4</b>	<b>16.7</b>	<b>1,465.1</b>
Balance at the beginning of the period (January 1, 2009)		1,603.8	(18.3)	71.1	(11.5)	(196.7)	1,448.4	16.7	1,465.1
Issue of shares, net of issue costs	29	879.9	-	-	-	-	879.9	-	879.9
Common control transactions	33	(1,107.9)	-	(584.4)	-	-	(1,692.3)	-	(1,692.3)
Total comprehensive income for the period:									
Profit (loss) after tax		-	-	-	-	123.5	123.5	(0.2)	123.3
Foreign exchange translation reserve		-	71.4	-	-	-	71.4	0.3	71.7
Cash flow hedges		-	-	-	11.5	-	11.5	-	11.5
Dividends paid to non-controlling interests		-	-	-	-	-	-	(0.5)	(0.5)
<b>Balance at December 31, 2009</b>		<b>1,375.8</b>	<b>53.1</b>	<b>(513.3)</b>	<b>-</b>	<b>(73.2)</b>	<b>842.4</b>	<b>16.3</b>	<b>858.7</b>
Balance at the beginning of the period (January 1, 2010)		1,375.8	53.1	(513.3)	-	(73.2)	842.4	16.3	858.7
Issue of shares, net of issue costs	29	946.6	-	-	-	-	946.6	-	946.6
Total comprehensive income for the period:									
Profit (loss) after tax		-	-	-	-	(98.6)	(98.6)	-	(98.6)
Foreign exchange translation reserve		-	277.0	-	-	-	277.0	(0.5)	276.5
Common control transactions	33	(905.5)	-	(1,047.6)	-	-	(1,953.1)	-	(1,953.1)
Purchase of non-controlling interest		-	-	-	-	3.0	3.0	(5.4)	(2.4)
Non-controlling interests acquired through business combinations	34	-	-	-	-	-	-	18.1	18.1
Disposal of business		-	-	-	-	-	-	(3.8)	(3.8)
Dividends paid to related parties and non-controlling interests	29	-	-	-	-	(39.0)	(39.0)	(1.8)	(40.8)
<b>Balance at December 31, 2010</b>		<b>1,416.9</b>	<b>330.1</b>	<b>(1,560.9)</b>	<b>-</b>	<b>(207.8)</b>	<b>(21.7)</b>	<b>22.9</b>	<b>1.2</b>

The statements of changes in equity should be read in conjunction with the notes to the financial statements.

**Beverage Packaging Holdings Group**  
**Statements of cash flows**

(In \$ million)	For the period ended December 31			
	Note	2010	2009	2008
<b>Cash flows from operating activities</b>				
Cash received from customers		6,798.3	6,081.0	5,990.5
Cash paid to suppliers and employees		(5,816.8)	(4,940.7)	(5,167.4)
Interest paid		(450.6)	(262.3)	(319.4)
Income taxes paid		(125.2)	(107.9)	(53.1)
Payment to related party for use of tax losses		(22.5)	-	-
<b>Net cash from operating activities</b>		<b>383.2</b>	<b>770.1</b>	<b>450.6</b>
<b>Cash flows from investing activities</b>				
Purchase of Whakatane Mill		(45.6)	-	-
Acquisition of property, plant and equipment and investment properties		(318.6)	(244.3)	(257.1)
Proceeds from sale of property, plant and equipment, investment properties, intangible assets and other assets		31.5	40.9	67.7
Acquisition of intangible assets		(18.3)	(48.1)	(31.3)
Acquisition of other investments		-	-	(0.5)
Acquisition of businesses, net of cash acquired		(4,386.1)	3.9	(2,593.0)
Disposal of businesses, net of cash disposed		32.4	-	177.1
Disposal of other investments		10.6	3.5	8.8
Net related party advances (repayments)		97.2	102.1	117.0
Interest received		4.8	4.5	11.1
Dividends received from joint ventures		3.9	1.4	-
<b>Net cash used in investing activities</b>		<b>(4,588.2)</b>	<b>(136.1)</b>	<b>(2,500.2)</b>
Acquisitions of businesses under common control		(1,957.8)	(1,687.3)	-
Draw down of borrowings:				
October 2010 Notes		3,000.0	-	-
May 2010 Notes		1,000.0	-	-
2009 Notes		-	1,789.1	-
2009 Credit Agreement		2,820.0	1,404.0	-
2008 Reynolds Senior Credit Facilities		-	-	1,500.0
Blue Ridge Facility		-	-	5.9
Other borrowings		1.8	100.1	-
Repayment of borrowings:				
2009 Credit Agreement		(37.5)	-	-
Pactiv borrowings	34	(397.4)	-	-
Blue Ridge Facility		(43.1)	-	-
2008 Reynolds Senior Credit Facilities		-	(1,500.0)	-
2007 SIG Senior Credit Facilities		-	(742.0)	(166.8)
CHH Facility		-	(12.5)	-
Other borrowings		(3.3)	(127.7)	(24.9)
Proceeds from issues of share capital		322.0	578.2	1,051.4
Proceeds from related party borrowings		-	67.5	17.6
Repayment of related party borrowings		-	(179.7)	(13.8)
Payment of transaction costs		(293.1)	(150.1)	(22.1)
Payment of original issue discounts		(24.0)	(39.7)	-
Purchase of non-controlling interests		(3.2)	-	-
Dividends paid to related parties and non-controlling interests		(39.4)	(0.5)	-
<b>Net cash from (used in) financing activities</b>		<b>4,345.0</b>	<b>(500.6)</b>	<b>2,347.3</b>
<b>Net increase in cash and cash equivalents</b>				
		<b>140.0</b>	<b>133.4</b>	<b>297.7</b>
Cash and cash equivalents at the beginning of the period		513.7	383.2	112.9
Effect of exchange rate fluctuations on cash held		(2.3)	(2.9)	(27.4)
<b>Cash and cash equivalents at December 31</b>		<b>651.4</b>	<b>513.7</b>	<b>383.2</b>
<b>Cash and cash equivalents comprise</b>				
Cash and cash equivalents		663.1	514.8	386.5
Bank overdrafts		(11.7)	(1.1)	(3.3)
<b>Cash and cash equivalents at December 31</b>		<b>651.4</b>	<b>513.7</b>	<b>383.2</b>

The statements of cash flows should be read in conjunction with the notes to the financial statements.

**Beverage Packaging Holdings Group**  
**Statements of cash flows (continued)**

**Reconciliation of the profit for the period with the net cash from operating activities**

(In \$ million)	For the period ended December 31		
	2010	2009	2008
Profit (loss) from continuing operations for the period	(98.6)	123.3	(200.4)
Adjustments for:			
Depreciation of property, plant and equipment	313.7	330.7	304.6
Depreciation of investment properties	2.3	1.9	2.8
Impairment losses on property, plant and equipment, intangible assets, investment properties and assets held for sale	28.7	10.7	-
Amortization of intangible assets	181.9	169.1	169.0
Impairment losses on other assets	-	2.2	-
Net foreign exchange losses (gains) in operating activities	2.7	3.3	(4.9)
Change in fair value of derivatives	(3.8)	(129.0)	160.1
Loss (gain) on sale of non-current assets	(4.6)	(3.9)	0.4
Gains on sale of businesses and investment properties	(16.1)	-	-
CSI Americas gain on acquisition	(9.8)	-	-
Net financial expenses	698.3	486.9	229.3
Share of profit of equity accounted investees	(18.1)	(11.4)	(6.3)
Income tax expense (benefit)	76.7	147.9	(34.6)
Interest paid	(450.6)	(262.3)	(319.4)
Income taxes paid	(125.2)	(107.9)	(53.1)
Change in trade and other receivables	(44.6)	(43.3)	84.5
Change in inventories	41.2	91.7	51.9
Change in trade and other payables	8.7	(24.4)	0.1
Change in provisions and employee benefits	(201.8)	6.2	50.6
Change in other assets and liabilities	2.2	(21.6)	16.0
<b>Net cash from operating activities</b>	<b>383.2</b>	<b>770.1</b>	<b>450.6</b>

**Significant non-cash financing and investing activities**

During the period ended December 31, 2010 Evergreen Packaging Inc. ("EPI") issued shares to Evergreen Packaging US, its parent company at the time of issue, in exchange for the novation of external borrowings, net of debt issue costs, in the amounts of CA\$29.5 million (\$29.2 million), NZ\$775.6 million (\$567.5 million) and \$27.9 million.

During the period ended December 31, 2009, Evergreen Packaging International B.V.'s ("EPIBV") parent company at the time, Evergreen Packaging (Antilles) N.V., contributed €47.4 million (\$60.7 million) as a non-stipulated share premium without the issuance of shares.

**Beverage Packaging Holdings Group**  
**Statements of cash flows (continued)**

**Acquisitions and disposals of businesses**

(In \$ million)	For the period ended December 31					
	2010		2009		2008	
	Acquisitions	Disposals	Acquisitions	Disposals	Acquisitions	Disposals
<b>Inflow (outflow) of cash:</b>						
Cash receipts (payments)	(4,488.2)	32.4	3.9	-	(2,614.7)	184.1
Net cash acquired (disposed of)	102.1	-	-	-	21.7	(7.0)
Consideration paid by related entity	-	-	-	-	(73.0)	-
Consideration received, satisfied in notes receivable	-	14.4	-	-	-	-
Consideration subject to post-closing adjustments *	-	1.1	2.7	-	(23.1)	-
Non-cash reallocation of purchase consideration	-	-	-	-	3.5	-
	<b>(4,386.1)</b>	<b>47.9</b>	<b>6.6</b>	<b>-</b>	<b>(2,685.6)</b>	<b>177.1</b>
Cash and cash equivalents	(102.1)	-	-	-	(21.7)	7.0
Net gain on sale before reclassification from foreign currency translation reserve	-	(9.9)	-	-	-	(42.2)
	<b>(4,488.2)</b>	<b>38.0</b>	<b>6.6</b>	<b>-</b>	<b>(2,707.3)</b>	<b>141.9</b>
<b>Details of net assets (acquired) disposed of:</b>						
Cash and cash equivalents, net of bank overdraft	(102.1)	-	-	-	(21.7)	7.0
Trade and other receivables	(475.3)	11.7	-	-	(455.8)	58.7
Current tax assets	(54.7)	-	-	-	-	-
Inventories	(558.1)	7.7	-	-	(505.6)	56.6
Deferred tax assets	(37.5)	-	-	-	(2.9)	-
Property, plant and equipment	(1,448.6)	22.2	-	-	(812.4)	35.4
Intangible assets (excluding goodwill)	(3,203.5)	0.4	-	-	(920.9)	62.1
Goodwill	(2,630.1)	-	6.6	-	(785.5)	35.3
Other current and non-current assets	(59.6)	0.4	-	-	(2.9)	1.7
Investment in associates and joint ventures	-	3.4	-	-	(3.8)	-
Trade and other payables	426.0	(7.8)	-	-	585.8	(74.6)
Loans and borrowings	1,482.3	-	-	-	-	(11.2)
Provisions and employee benefits	1,076.5	-	-	-	-	(15.4)
Deferred tax liabilities	1,068.6	-	-	-	207.9	(13.7)
<b>Net assets (acquired) disposed of</b>	<b>(4,516.1)</b>	<b>38.0</b>	<b>6.6</b>	<b>-</b>	<b>(2,717.8)</b>	<b>141.9</b>
Discount on acquisition	9.8	-	-	-	-	-
Amounts reclassified from foreign currency translation reserve	-	0.8	-	-	-	4.5
Non-controlling interests	18.1	-	-	-	10.5	-
	<b>(4,488.2)</b>	<b>38.8</b>	<b>6.6</b>	<b>-</b>	<b>(2,707.3)</b>	<b>146.4</b>

Refer to note 34 for further details of acquisitions and note 7 for further details of discontinued operations.

\* The cash paid in 2009 was for the post-closing adjustments relating to the acquisition of CSI Guadalajara (refer to note 34).

The statements of cash flows should be read in conjunction with the notes to the financial statements.

**Beverage Packaging Holdings Group**  
**Notes to the financial statements**  
**For the period ended December 31, 2010**

**1. Reporting entity**

Beverage Packaging Holdings (Luxembourg) I S.A. ("BP I") and Beverage Packaging Holdings (Luxembourg) II S.A. ("BP II" or the "issuer") are domiciled in Luxembourg and registered in the Luxembourg "Registre de Commerce et des Sociétés"

The financial statements of Beverage Packaging Holdings Group (the "Group") as at and for the period ended December 31, 2010 comprise the combination of:

- BP I and its subsidiaries (the "BP I Group"); and
- BP II.

The Group is principally engaged in the manufacture and supply of consumer food and beverage packaging and storage products, primarily in North America, Europe, Asia and South America.

The address of the registered office of BP I and BP II is: 6C, rue Gabriel Lippman, L-5365 Munsbach, Luxembourg.

**2. Basis of preparation**

**2.1 Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and "IFRIC Interpretations" as issued by the International Accounting Standards Board ("IASB").

The financial statements were approved by the Board of Directors (the "Directors") on July 12, 2011.

**2.2 Going concern**

The financial statements have been prepared using the going concern assumption.

**2.3 Basis of measurement**

The financial statements have been prepared under the historical cost convention except for:

- certain components of inventory which are measured at net realizable value;
- defined benefit pension plan liabilities and post-employment medical plan liabilities which are measured under the projected unit credit method; and
- certain assets and liabilities, such as derivatives, which are measured at fair value.

Information disclosed in the statement of comprehensive income, statement of changes in equity and statement of cash flows for the current period is for the twelve month period ended December 31, 2010. Information for the comparative periods is for the twelve month periods ended December 31, 2009 and December 31, 2008.

**2.4 Presentation currency**

These financial statements are presented in US dollars ("\$"), which is the Group's presentation currency.

**2.5 Use of estimates and judgements**

The preparation of financial statements requires the Directors and management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

Information about the significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is described in note 4.

**2.6 Revisions and reclassifications**

Certain adjustments have been recorded to correct the comparative statement of financial position classification of net deferred taxes and current tax liabilities. These adjustments correct the 2009 comparative period presentation to align with the presentation as at December 31, 2010. As a result, current tax liabilities have been increased by \$18.9 million, deferred tax assets have been reduced by \$105.4 million, and deferred tax liabilities have been reduced by \$124.3 million in the 2009 statement of financial position.

The December 31, 2010 statement of cash flows presents a \$22.5 million payment to a related party for the use of tax losses as a cash flow from operating activities. The Group's interim statement of cash flows for the periods ended June 30, 2010 and September 30, 2010 incorrectly presented this payment as cash used in investing activities. The respective interim financial statements will be revised prospectively.

As of November 16 and December 31, 2010 the fair values attributed to the assets and liabilities associated with the Pactiv Acquisition (as defined in note 34) were based on preliminary values. As detailed in note 4.4, the Group is still in the process of finalizing these valuations. In June 2011, a component of these valuations was finalized. As a result, \$14.9 million of the purchase price was allocated to an identifiable intangible asset for the value of environmental permits and other regulatory legal rights associated with a Pactiv Foodservice manufacturing facility. This manufacturing facility had been identified for closure in December 2010. Accordingly, upon finalizing this component of the purchase price allocation, the \$14.9 million asset has been impaired and the loss recognized in other expenses in the revised statement of comprehensive income for the year ended December 31, 2010.

As of the date of these financial statements, efforts are ongoing in respect of the finalization of the provisional acquisition accounting. As detailed in note 4.4, further adjustments to the purchase price allocation and the related effects on the statements of comprehensive income may occur, and in accordance with IFRS these adjustments will be recognized retrospectively from the date of acquisition.

The adjustment described above resulted in an increase in the previously reported loss from continuing operations from \$89.3 million to \$98.6 million; a reduction in the previously reported total assets from \$15,924.8 million to \$15,909.9 million and a reduction in net assets from \$10.5

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million to \$1.2 million. The adjustment described above had no impact on the statement of cash flows or Adjusted EBITDA reported in note 6.

**2.7 Comparative information resulting from the combination of businesses under common control**

As disclosed in note 33, members of the Group acquired the business operations of the Reynolds Consumer and Closure Systems International ("Closures") businesses on November 5, 2009. On May 4, 2010 members of the Group acquired the business operations that comprise Evergreen. On September 1, 2010 members of the Group acquired the business operations that comprise Reynolds Foodservice.

Prior to these three transactions these businesses were under the common ownership of the ultimate sole shareholder, Mr. Graeme Hart. This type of transaction is defined as a business combination under common control, which falls outside of the scope of IFRS 3 "Business Combinations". In accordance with the Group's accounting policy for business combinations under common control, as outlined in note 3.2(d), the Group has compiled the comparative information as if the acquisition transactions had occurred from the earliest point that common control commenced.

**3. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by all Group entities.

**3.1 Basis of combination**

The financial statements represent the combination of the consolidated financial statements of the BP I Group and BP II, a sister company to BP I. Their preparation is prescribed under the requirements of the 2007 Senior Notes and the 2007 Senior Subordinated Notes indenture.

As the financial statements represent the combination of entities that do not have direct shareholdings in each other, consolidated financial statements of the Group cannot be prepared. Consequently, the number of shares and value of issued capital along with other items of equity and reserves in the statements of financial position represent the combination of the issued capital and other items of equity and reserves of BP I and BP II.

In preparing the financial statements of the Group, the effects of all transactions and balances between entities within the Group have been eliminated.

**3.2 Basis of consolidation**

**(a) Subsidiaries**

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date control (or effective control) commences until the date that control ceases.

The Group has adopted IFRS 3 "Business Combinations (revised)" and IAS 27 "Consolidated and Separate Financial Statements" (2008) for each acquisition or business combination occurring on or after January 1, 2010. All business combinations occurring on or after January 1, 2010 are accounted for using the acquisition method, while those prior to this date are accounted for using the purchase method.

The acquisition method of accounting is used to account for the acquisition of third party subsidiaries and businesses by the Group for transactions completed on or after January 1, 2010. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the acquisition, including the fair value of any contingent consideration and share-based payment awards (as measured in accordance with IFRS 2 "Share Based Payments") of the acquiree that are mandatorily replaced as a result of the transaction. Transaction costs that the Group incurs in connection with an acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests. Non-controlling interests are initially recognized at their proportionate share of the fair value of the net assets acquired.

During the measurement period an acquirer can report provisional information for a business combination if by the end of the reporting period in which the combination occurs the accounting is incomplete. The measurement period, however, ends at the earlier of when the acquirer has received all of the necessary information to determine the fair values or one year from the date of the acquisition.

The purchase method of accounting is used to account for the acquisition of subsidiaries and businesses by the Group for transactions completed prior to January 1, 2010. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the acquisition, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interests. Final values for a business combination are determined within twelve months of the date of the acquisition.

Refer to note 34 for disclosure of acquisitions in the current and comparative financial periods.

**(b) Associates**

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies (generally accompanying a shareholding of between 20% and 50% of the voting rights). Investments in associates are accounted for using the equity method of accounting (equity accounted investees) and are initially recognized at cost. Investments in associates include goodwill identified on acquisition, net of accumulated impairment losses (if any).

The Group's share of its associates' post-acquisition profits or losses and movements in other comprehensive income is recognized in the Group's statement of comprehensive income after adjustments (as required) are made to align the accounting policies of the associate with those of the Group. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has a financial obligation or has made payments on behalf of the investee.

**(c) Joint ventures**

Joint ventures are those operations, entities or assets in which the Group has joint control, established by contractual agreement and requiring

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unanimous consent for strategic, financial and operating decisions. Interests in jointly controlled entities are accounted for using the equity method of accounting (as described in note 3.2(b)).

Interests in jointly controlled assets and operations are reported in the financial statements by including the Group's share of assets employed in the joint venture, the share of liabilities incurred in relation to the joint venture and the share of any expenses incurred in relation to the joint venture in their respective classification categories. Movements in reserves of joint ventures attributable to the Group are recognized in other comprehensive income in the statement of comprehensive income.

**(d) Transactions between entities under common control**

Common control transactions arise between entities that are under the ultimate ownership of the common sole shareholder, Mr. Graeme Hart.

Certain transactions between entities that are under common control may not be transacted on an arm's length basis. Any gains or losses on these types of transactions are recognized directly in equity. Examples of such transactions include but are not limited to:

- debt forgiveness transactions;
- transfer of assets for greater than or less than fair value; and
- acquisition or disposal of subsidiaries for no consideration or consideration greater than or less than fair value.

Acquisitions of entities under common control are accounted for as follows:

- predecessor value method requires the financial statements to be prepared using predecessor book values without any step up to fair values;
- premium or discount on acquisition is calculated as the difference between the total consideration paid and the book value of the issued capital of the acquired entity, and is recognized directly in equity as a component of a separate reserve;
- the financial statements incorporate the acquired entities' results as if the acquirer and the acquiree had always been combined; and
- the results of operations and cash flows of the acquired entity are included on a restated basis in the financial statements from the date that common control originally commenced as though the entities had always been combined even though the common control transaction did not occur until the current year.

**(e) Transactions eliminated on consolidation**

Intra-group balances and unrealized items of income and expense arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same manner as gains, but only to the extent that there is no evidence of impairment.

**(f) Transactions and non-controlling interests**

The Group accounts for transactions with non-controlling interests as transactions with the equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

**3.3 Foreign currency**

**(a) Functional currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of BP I and BP II is the Euro.

**(b) Foreign currency transactions**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency of the respective entities at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated to the functional currency of the respective entities at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency of the respective entities at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on translation are recognized in the statement of comprehensive income as a component of the profit or loss, except for differences arising on the translation of available-for-sale equity instruments or a financial liability designated as a hedge of the net investment in a foreign operation (refer to (c) below).

**(c) Foreign operations**

The results and financial position of those entities that have a functional currency different from the presentation currency of the Group are translated into the Group's presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date of the statement of financial position;
- (ii) income and expense items for each profit or loss item are translated at average exchange rates;
- (iii) items of other comprehensive income are translated at average exchange rates; and
- (iv) all resulting exchange differences are recognized as a separate component of equity.

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On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments are recognized as a component of equity and included in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the statement of comprehensive income as a component of the profit or loss as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated on this basis.

**3.4 Non-derivative financial instruments**

Non-derivative financial instruments comprise cash and cash equivalents, receivables, available-for-sale financial assets, trade and other payables and interest bearing borrowings.

A non-derivative financial instrument is recognized if the Group becomes a party to the contractual provisions of the instrument. Non-derivative financial assets are derecognized if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset. Non-derivative financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through the profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Non-derivative financial instruments are recognized on a gross basis unless a current and legally enforceable right to off-set exists and the Group intends to either settle the instrument net or realize the asset and liability simultaneously.

Upon initial acquisition the Group classifies its financial instruments in one of the following categories, which is dependent on the purpose for which the financial instruments were acquired.

**(a) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of less than three months. Bank overdrafts are included within borrowings and are classified as current liabilities on the statement of financial position except where these are repayable on demand, in which case they are included separately as a component of current liabilities. In the statement of cash flows, overdrafts are included as a component of cash and cash equivalents.

**(b) Financial instruments at fair value through profit or loss**

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on the instrument's fair value. Upon initial recognition (at the trade date) attributable transaction costs are recognized in the statement of comprehensive income as a component of the profit or loss. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in the statement of comprehensive income as a component of the profit or loss.

**(c) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for instruments with maturities greater than twelve months from the reporting date, which are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables (including related party receivables) which are stated at their cost less impairment losses.

**(d) Other liabilities**

Other liabilities comprise all non-derivative financial liabilities that are not disclosed as liabilities at fair value through profit or loss. Other liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. The Group's other liabilities comprise trade and other payables and interest bearing borrowings, including those with related parties. The Group's other liabilities are measured as follows:

**(i) Trade and other payables**

Subsequent to initial recognition trade and other payables are stated at amortized cost using the effective interest method.

**(ii) Interest bearing borrowings including related party borrowings**

On initial recognition, borrowings are measured at fair value less transaction costs that are directly attributable to borrowings. Subsequent to initial recognition interest bearing loans and borrowings are measured at amortized cost using the effective interest method.

**3.5 Derivative financial instruments**

A derivative financial instrument is recognized if the Group becomes a party to the contractual provisions of an instrument at the trade date.

Derivative financial instruments are initially recognized at fair value (which includes where applicable consideration of credit risk), and transaction costs are expensed as incurred. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognized in the statement of comprehensive income as a component of the profit or loss unless the derivative financial instruments qualify for hedge accounting. Where a derivative financial instrument qualifies for hedge accounting, recognition of any resulting gain or loss depends on the nature of the hedging relationship (see below).

Derivative financial instruments are recognized on a gross basis unless a current and legally enforceable right to off-set exists.

Derivative financial assets are derecognized if the Group's contractual rights to the cash flows from the instrument expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset.

Derivative financial liabilities are derecognized if the Group's obligations specified in the contract expire or are discharged or cancelled.

**(a) Cash flow hedges**

Changes in the fair value of a derivative financial instrument designated as a cash flow hedge are recognized directly in equity as a component of other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of comprehensive income as a component of the profit or loss for the period.

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If a hedging instrument no longer meets the criteria for hedge accounting or it expires, is sold, terminated or exercised, then hedge accounting is discontinued prospectively. At this point in time, the cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in equity is transferred to the carrying amount of the asset when it is recognized. In all other cases the amount recognized in equity is transferred within the statement of comprehensive income in the same period that the hedged item affects this statement and is recognized as part of financial income or expenses. If the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred within the statement of comprehensive income and is recognized as part of financial income or expenses in the profit or loss.

**(b) Fair value hedges**

Changes in the fair value of a derivative financial instrument designated as a fair value hedge are recognized in the statement of comprehensive income as a component of the profit or loss in financial income or expenses together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

**(c) Embedded derivatives**

Embedded derivatives are separated from the host contract and accounted for separately if the following conditions are met:

- (i) the economic characteristics and risks of the host contract and the embedded derivative are not closely related;
- (ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (iii) the combined instrument is not measured at fair value through profit or loss.

At the time of initial recognition of the embedded derivative an equal adjustment is also recognized against the host contract. The adjustment against the host contract is amortized over the remaining life of the host contract using the effective interest method.

Any embedded derivatives that are separated are measured at fair value with changes in fair value recognized through net financial expenses in the statement of comprehensive income as a component of the profit or loss.

**3.6 Inventories**

**(a) Raw materials, work in progress and finished goods**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**(b) Engineering and maintenance materials**

Engineering and maintenance materials (representing either critical or long order components) are measured at the lower of cost and net realizable value. The cost of these inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is determined with reference to the cost of replacement of such items in the ordinary course of business compared to the current market prices.

**3.7 Property, plant and equipment**

**(a) Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (if any).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of property, plant and equipment acquired in a business combination is determined by reference to its fair value at the date of acquisition (refer to note 3.2(a)). The cost of self-constructed assets includes the cost of materials and direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

**(b) Assets under construction**

Assets under construction are transferred to the appropriate asset category when they are ready for their intended use. Assets under construction are not depreciated but tested for impairment at least annually or when there is an indication of impairment.

**(c) Reclassification to investment property**

When the use of a property changes from owner-occupied to investment property, the property is reclassified to investment property at its carrying value at the date of transfer.

**(d) Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of an item of property, plant and equipment are capitalized until such time as the assets are substantially ready for their intended use. The interest rate used equates to the effective interest rate on debt where general borrowings are used or the relevant interest rate where specific borrowings are used to finance the construction.

**(e) Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as a component of the profit or loss as incurred.

**(f) Depreciation**

Depreciation is recognized in the statement of comprehensive income as a component of the profit or loss using a method that reflects the pattern in which the economic benefits embodied within the asset are consumed. Generally this is on a straight-line basis over the estimated useful life of each part or component of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the material classes of property, plant and equipment are as follows:

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- Buildings 20 to 50 years
- Plant and equipment 3 to 25 years
- Furniture and fittings 3 to 20 years

Depreciation methods, useful lives and residual values are reassessed on an annual basis.

Gains and losses on the disposal of items of property, plant and equipment are determined by comparing the proceeds (if any) at the time of disposal with the net carrying amount of the asset.

**3.8 Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost less accumulated depreciation and impairment losses (if any). Investment properties are depreciated on a straight-line basis over 30 to 40 years.

**3.9 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**(a) The Group as lessor – finance leases**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases.

**(b) The Group as lessee – finance leases**

Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The corresponding liability to the lessor is included within loans and borrowings as a finance lease obligation. Subsequent to initial recognition the liability is accounted for in accordance with the accounting policy described in note 3.4(d)(ii) and the asset is accounted for in accordance with the accounting policy applicable to that asset.

**3.10 Intangible assets**

**(a) Goodwill**

Goodwill arises on the acquisition of subsidiaries, associates, joint ventures and business operations and is recognized at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest (if any) in the acquiree over the fair value of the identifiable net assets recognized.

If the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest (if any) in the acquiree, the excess is recognized immediately in the statement of comprehensive income as a component of the profit or loss as a bargain purchase gain.

Goodwill is measured at cost less accumulated impairment losses (if any) and is tested at least annually for impairment. Goodwill is not amortized and is allocated to the lowest level within the Group at which goodwill is monitored for internal reporting for the purpose of impairment testing. The allocation is made to the operations that are expected to benefit from the business combination in which the goodwill arose after the allocation of purchase consideration is finalized.

In respect of joint ventures and investments accounted for using the equity method, the carrying amount of goodwill is included in the carrying amount of the investment.

**(b) Trademarks**

Trademarks are measured at cost less accumulated amortization and impairment losses (if any) with the exception of the SIG Combibloc, Reynolds, Hefty and Pactiv trade names which are recognized at cost less accumulated impairment losses (if any). These trade names are considered indefinite life assets as they represent the value accumulated in the brand, which is expected to continue indefinitely into the future. Trademarks are tested at least annually for impairment.

**(c) Customer relationships**

Customer relationships represent the value attributable to purchased long-standing business relationships which have been cultivated over the years with customers. These relationships are recognized at cost and amortized using the straight-line method over the estimated remaining useful lives of the relationships, which are based on customer attrition rates and projected cash flows.

**(d) Research and development**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technological knowledge and understanding, is recognized in the statement of comprehensive income as a component of the profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technologically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labor and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognized in the statement of comprehensive income as a component of the profit or loss as incurred.

Intangible assets arising from development activities are measured at cost less accumulated amortization and accumulated impairment losses (if any).

**(e) Other intangible assets**

Other intangible assets comprise permits, software, technology, patents and rights to supply. Other intangible assets that have finite useful lives are carried at cost less accumulated amortization and impairment losses (if any). Other intangible assets that have indefinite useful lives are carried at costs less impairment losses (if any).

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**(f) Subsequent expenditure**

Subsequent expenditure in respect of intangible assets is capitalized only when the expenditure increases the future economic benefits embodied in the specific asset to which the expenditure relates and it can be reliably measured. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the statement of comprehensive income as a component of the profit or loss as incurred.

**(g) Amortization**

Amortization is recognized in the statement of comprehensive income as a component of the profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and indefinite life intangibles, from the date that the intangible assets are available for use.

The estimated useful lives for the material classes of intangible assets are as follows:

- |                          |                            |
|--------------------------|----------------------------|
| • Software/technology    | 3 to 15 years              |
| • Patents                | 5 to 14 years              |
| • Rights to supply       | up to a maximum of 6 years |
| • Customer relationships | 6 to 25 years              |
| • Trademarks             | 15 years                   |

**3.11 Impairment**

The carrying amounts of the Group's assets are reviewed regularly and at least annually to determine whether there is any objective evidence of impairment. An impairment loss is recognized whenever the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognized in the statement of comprehensive income as a component of the profit or loss.

**(a) Impairment of loans and receivables**

The recoverable amount of the Group's loans and receivables carried at amortized cost is calculated with reference to the present value of the estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at the date of initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment losses on individual instruments that are considered significant are determined on an individual basis through an evaluation of the specific instruments' exposures. For trade receivables which are not significant on an individual basis, impairment is assessed on a portfolio basis taking into consideration the number of days overdue and the historical loss experiences on a portfolio with a similar number of days overdue.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as default or delinquency in respect of interest or principal repayment; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio.

**(b) Non-financial assets**

The carrying amounts of the Group's non-financial assets, including goodwill and indefinite intangible assets, are reviewed at least annually to determine whether there is any indication of impairment. If any such indicators exist then the asset or CGU's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amounts are estimated at least annually and whenever there is an indication that they may be impaired.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognized in the statement of comprehensive income as a component of the profit or loss. Impairment losses recognized in respect of a segment are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other non-financial assets in the CGU on a pro-rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing the 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 or CGU. In assessing the fair value less cost to sell, the forecasted future EBITDA to be generated by the asset or segment being assessed is multiplied by a relevant market indexed multiple.

In respect of assets other than goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's revised carrying amount will not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**3.12 Assets and liabilities classified as held for sale**

Assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets or components of a disposal group are remeasured in accordance with the Group's accounting policies. Thereafter the assets (or disposal groups) are measured at the lower of their carrying amount or fair value less costs to sell. Upon reclassification the Group ceases to depreciate or amortize non-current assets classified as held for sale. Any impairment loss on a disposal group is first allocated to goodwill and then to the remaining assets on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit plan assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification to being held for sale and subsequent gains or losses on remeasurement are recognized in the statement of comprehensive income as a component of the profit or loss. Gains are not recognized in excess of any prior cumulative impairment losses.

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**3.13 Employee benefits**

**(a) Pension obligations**

The Group operates various defined contribution and defined benefit plans.

**(i) Defined contribution plans**

A defined contribution plan is a plan under which the employee and the Group pay fixed contributions to a separate entity. The Group has no legal or constructive obligation to pay further contributions in relation to an employee's service in the current and prior periods. The Group's contributions are recognized in the statement of comprehensive income as a component of the profit or loss as and when they fall due.

**(ii) Defined benefit plans**

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on factors such as age, years of service and compensation.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of the future benefits that employees have earned in return for their service in the current and prior periods. These benefits are then discounted to determine the present value of the Group's obligations and are then adjusted for the impact of any unrecognized past service costs. The Group's net obligation is then determined with reference to the fair value of the plan assets (if any). The discount rate used is the yield on bonds that are denominated in the currency in which the benefits will be paid and that have maturity dates approximating the terms of the Group's obligations. The calculations are performed by qualified actuaries using the projected unit credit method.

Past service costs are recognized immediately in the statement of comprehensive income as a component of the profit or loss, unless the changes to the plans are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case the past service costs are amortized on a straight-line basis over the vesting period.

To the extent that any cumulative unrecognized actuarial gains and losses exceed 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets, that portion is recognized in the statement of comprehensive income as a component of the profit or loss.

**(b) Short-term employee benefits**

Short-term employee benefits are measured on an undiscounted basis and are expensed in the statement of comprehensive income as a component of the profit or loss as the related services are provided. A provision is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans and outstanding annual leave balances if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

**(c) Post-employment medical plans**

In certain jurisdictions the Group sponsors a number of defined benefit medical plans which it offers to certain existing employees and retirees. Typically these plans are unfunded and define a level of medical care that the individual will receive.

The Group's net obligation is calculated separately for each plan by estimating the current and future use of these services by eligible employees, the current and expected future medical costs associated with such services which are discounted to determine their present value and any unrecognized past service costs. The discount rate used is the yield on bonds that are denominated in the currency and jurisdiction in which the benefits will be paid and that have maturity dates approximating the terms of the Group's obligations. The calculations are performed by qualified actuaries using the projected unit credit method with the use of mortality tables published by government agencies.

Past-service costs are recognized immediately in the statement of comprehensive income as a component of the profit or loss unless changes to a plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case the past-service costs are amortized on a straight-line basis over the vesting period.

**(d) Other long-term employee benefits**

The Group's net obligation in respect of long-term employee benefits, other than pension plans and post-employment medical plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounted to determine the present value of the Group's obligation. The discount rate used is the yield on bonds that are denominated in the currency and jurisdiction in which the benefits will be paid and that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by qualified actuaries using the projected unit credit method. Any actuarial gains or losses are recognized in the statement of comprehensive income as a component of the profit or loss in the period in which they arise.

**(e) Termination benefits**

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognized if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

**(f) Incentive compensation plans**

The Group recognizes a liability and associated expense for incentive compensation plans based on a formula that takes into consideration certain threshold targets and the associated measures of profitability. The Group recognizes a provision when it is contractually obligated or when there is a past practice that has created a constructive obligation to its employees.

**3.14 Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. 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 the risks specific to the liability. Where discounting is used, the increase in the provision for the passage of time is recognized as a component of financial expense in the statement of comprehensive income as a component of the profit or loss.

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(a) **Warranties**

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(b) **Business closure and rationalization**

A provision for business closure and rationalization is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been publicly announced. Business closure and rationalization provisions can include such items as employee severance or termination pay, site closure costs and onerous leases. Future operating costs are not provided for.

**3.15 Self-insured employee obligations**

(a) **Self-insured workers' compensation**

The Group is self-insured in respect of its workers' compensation obligations in the United States. As a component of its self-insured status the Group also maintains insurance coverage through third parties for large claims at levels that are customary and consistent with industry standards for groups of similar size. As of December 31, 2010, there are a number of outstanding claims that are routine in nature. The estimated incurred but unpaid liabilities relating to these claims are included in provisions.

(b) **Self-insured employee health insurance**

The Group is self-insured for certain employee health insurance. The Group also maintains insurance coverage for large claims at levels that are customary and consistent with industry standards for companies of similar size. As of December 31, 2010, there were a number of outstanding claims that are routine in nature. The estimated incurred but unpaid liabilities (based on the Group's historical claims) relating to these claims are included in trade and other payables.

**3.16 Dividends**

Dividends to the Group's shareholder are recognized as a liability in the Group's financial statements in the period in which the dividends are declared.

**3.17 Share capital**

Common stock and ordinary shares are classified as equity. Costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

**3.18 Revenue**

(a) **Sale of goods**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, volume rebates and other customer incentives. Revenue is recognized when the significant risks and rewards of ownership have been substantially transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

(b) **Aseptic filling machines sales contracts**

The Group's SIG Combibloc segment provides an integrated filling supply system which involves the provision of filling machines along with the future supply of carton sleeves. Filling machines are initially provided to customers under one of the Group's three supply models, being direct sales, direct lease or through the sale to a third party (usually a financing entity) who then on-leases the machine to the customer. As the Group's filling machines are presently configured to utilize only SIG Combibloc manufactured carton sleeves, the supply of these machines must be accompanied with a carton sleeve supply agreement which usually has an initial term limited to six years. On the initial sale of the filling machine the difference between the sale price and the cost of the machine is deferred to the statement of financial position and subsequently amortized over the life of the underlying contract.

(c) **Sale of real estate**

Revenue from the sale of real estate is measured at the fair value of the consideration received or receivable. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and there is no continuing involvement with the property.

Transfer of risks and rewards generally occurs when legal title is transferred to the buyer.

(d) **Services**

Revenue from services rendered is recognized in the statement of comprehensive income as a component of the profit or loss in proportion to the stage of completion of the transaction at the reporting date.

(e) **Royalty income**

Royalties are recognized on an accrual basis in accordance with the underlying royalty agreements.

(f) **Lease income**

Payments received under finance leases are apportioned between finance income and the reduction of the outstanding receivable balance. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Lease income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

**3.19 Lease payments**

Minimum lease payments made under finance leases are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges which are recognized in the statement of comprehensive income as a component of the profit or loss are allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for in the periods in which the payments are incurred.

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Payments made under operating leases are recognized in the statement of comprehensive income as a component of the profit or loss on a straight-line basis over the term of the lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent lease payments arising under operating leases are recognized as an expense in the period in which the payments are incurred.

In the event that lease incentives are received to enter into an operating lease, such incentives are deferred and recognized as a liability. The aggregated benefits of the lease incentives are recognized as a reduction to the lease expenses on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

**3.20 Financial income and expenses**

Financial income comprises interest income, foreign currency gains, and gains on derivative financial instruments in respect of financing activities that are recognized in the statement of comprehensive income as a component of the profit or loss. Interest income is recognized as it accrues using the effective interest method.

Financial expenses comprise interest expense, foreign currency losses, impairment losses recognized on financial assets (except for trade receivables) and losses in respect of financing activities on derivative instruments that are recognized in the statement of comprehensive income as a component of the profit or loss. All borrowing costs not qualifying for capitalization are recognized in the statement of comprehensive income as a component of the profit or loss.

**3.21 Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive income as a component of the profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized with the associated items on a net basis.

Current tax is the expected tax payable on the taxable income for the period using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized. Deferred income tax assets and liabilities in the same jurisdiction are off-set in the statement of financial position only to the extent that there is a legally enforceable right to off-set current tax assets and current tax liabilities and the deferred balances relate to taxes levied by the same taxing authority and are expected either to be settled on a net basis or realized simultaneously.

**3.22 Sales tax, value added tax and goods and services tax**

All amounts (including cash flows) are shown exclusive of sales tax, value added tax ("VAT") and goods and services tax ("GST") to the extent the taxes are reclaimable, except for receivables and payables that are stated inclusive of sales tax, VAT and GST.

**3.23 Discontinued operations**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operation that has been disposed of or is held for sale, or is a subsidiary or business acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

**3.24 New and revised standards and interpretations**

**(a) Interpretations and amendments to existing standards effective in 2010**

The following interpretations and standards which have not previously been early adopted were mandatory for the Group effective for the period ended December 31, 2010:

- IAS 1 "Amendment – Presentation of financial statements" (effective for financial reporting periods commencing on or after January 1, 2010).
- IFRIC 14 "Amendments to IFRIC 14 IAS 19 – The limit on a Defined Benefit Assets, minimum funding requirement and their Interaction" (effective for reporting periods beginning on or after February 1, 2009).
- IAS 27 "Consolidated and Separate Financial Statements" (effective for financial reporting periods commencing on or after July 1, 2009). This amendment changes certain aspects of the measurement criteria for non-controlling (previously minority) interests and deals primarily with the accounting for the change in ownership interest in subsidiaries after control is obtained, for the loss of control of subsidiaries, and the allocation of profit or loss to controlling and non-controlling interests in a subsidiary. Refer to note 3.2(a). In adopting this amendment, the Group cannot identify fully the prospective impact of these changes as the impact can only be determined on a transaction by transaction basis.
- IFRS 3 "Business Combinations (revised)" (effective for financial reporting periods commencing on or after July 1, 2009). This revision to the standard requires all business combinations completed on or after January 1, 2010 to be measured in accordance with the acquisition method of accounting (previously the purchase method of accounting) while limiting the recognition of certain assets and liabilities associated with an acquisition, once the measurement period has expired. In addition, all transaction costs are required to be expensed as incurred. As previously reported, the impact of this revision may be material to the Group's earnings but can only be determined on an acquisition by acquisition basis. Refer to note 3.2(a).

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- IAS 39 “Amendment Embedded Derivatives” (effective for financial reporting periods commencing on or after July 1, 2010.) This amendment deals with the reassessment of an embedded derivative on reclassification of a hybrid instrument out of the fair value through profit or loss category.
- Annual Improvements Process – Other Amendments (effective for financial reporting periods commencing on or after January 1, 2010).

**(b) Early adoption of new standards, interpretations and amendments**

The Group has not elected during the period to adopt any new standards, interpretations and amendments to existing standards in advance of their effective dates.

**(c) New standards, interpretations and amendments previously early adopted**

The Group has previously elected to early adopt the following standards, interpretations and amendments to existing standards in advance of their effective dates:

- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement – Eligible Hedged Items” (effective for reporting periods beginning on or after July 1, 2010).
- IFRIC 9 “IAS 39 “Financial Instruments: Recognition and Measurement - Reassessment of Embedded Derivatives (Amendment)” (effective from July 1, 2009).
- IFRIC 18 “Transfer of Assets from Customers” (effective from July 1, 2009).

**(d) Amendments to existing standards that are not yet effective and have not been early adopted by the Group**

The following amendments and interpretations to existing standards are not yet effective for the period ended December 31, 2010, and have not been applied in preparing these financial statements:

- IFRS 9 “Financial Instruments” (effective for financial reporting periods commencing on or after January 1, 2013).
- IFRIC 19 “Extinguishment of financial liabilities with equity instruments” (effective for reporting periods beginning on or after February 1, 2010).
- IAS 24 Amendment “Related Party Disclosures” (effective for financial reporting periods commencing on or after January 1, 2011).
- IAS 32 “Financial Instruments: Presentation - Classification of Rights Issues” (effective for financial reporting periods commencing on or after February 1, 2010).
- Improvements to various IFRSs 2010 – various standards (effective for financial reporting periods commencing on or after July 1, 2010 and January 1, 2011).

The Directors anticipate that the above amendments and interpretations will not have a material impact on the financial statements of the Group in the period of initial application with the exception of IFRS 9 which the Group is currently evaluating.

**4. Critical accounting estimates and assumptions**

In the process of applying the Group’s accounting policies management has made certain estimates and assumptions about the carrying values of assets and liabilities, income and expenses and the disclosure of contingent assets and liabilities. The key assumptions concerning the future and other key sources of uncertainty in respect of estimates at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period are:

**4.1 Impairment of assets**

**(a) Goodwill and indefinite life intangible assets**

Determining whether goodwill and indefinite life intangible assets are impaired requires estimation of the recoverable values of the segments to which these assets have been allocated. Recoverable values have been based on the higher of fair value less costs to sell or on value in use (as appropriate for the segment being reviewed). Significant judgement is involved with estimating the fair value of a segment. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the segment and a suitable discount rate in order to calculate present value. Details regarding the carrying amount of goodwill and indefinite life intangible assets and the assumptions used in impairment testing are provided in note 23.

**(b) Other assets**

Other assets, including property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A change in the Group’s intention to use certain assets, such as a decision to rationalize manufacturing locations, may trigger a future impairment.

**4.2 Income taxes**

The Group is subject to income taxes in multiple jurisdictions which require significant judgement to be exercised in determining the Group’s provision for income taxes. There are a number of transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Current tax liabilities and assets are recognized at the amount expected to be paid to or recovered from the taxation authorities. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**4.3 Realization of deferred tax assets**

The Group assesses the recoverability of deferred tax assets with reference to estimates of future taxable income. To the extent that actual taxable income differs from management’s estimate of future taxable income, the value of recognized deferred tax assets may be affected. Deferred tax assets have been recognized to offset deferred tax liabilities to the extent that the deferred tax assets and liabilities are expected to be realized in the same jurisdiction and reporting period. Deferred tax assets have also been recognized based on management’s best estimate of the recoverability of these assets against future taxable income.

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**4.4 Finalization of provisional acquisition accounting**

Following a business combination, the Group has a period of not more than 12 months from the date of acquisition to finalize the acquisition date fair values of acquired assets and liabilities, including the valuations of identifiable intangible assets and property, plant and equipment.

The determination of fair value of acquired identifiable intangible assets and property, plant and equipment involves a variety of assumptions, including estimates associated with useful lives. As at December 31, 2010 the amounts presented for the acquisition of Pactiv have only been determined on a provisional basis. The finalization of these valuations may result in the refinement of assumptions that impact not only the recognized value of such assets, but also amortization and depreciation expense. In accordance with the accounting policy described in note 3.2(a), any adjustments on finalization of the preliminary purchase accounting are recognized retrospectively from the date of acquisition.

The Group is in the process of combining Pactiv's operations into Reynolds Consumer Products and Pactiv Foodservice. As a result, as at the date of these financial statements, the CGUs within Reynolds Consumer Products and Pactiv Foodservice have not been identified.

**4.5 Measurement of obligations under defined benefit plans**

The Group operates a number of defined benefit pension plans. Amounts recognized under these plans are determined using actuarial methods. These actuarial valuations involve assumptions regarding long-term rates of return on pension fund assets, expected salary increases and the age of employees. These assumptions are reviewed at least annually and reflect estimates as at the measurement date.

Any change in these assumptions will impact the amounts reported in the statements of financial position, plus future net pension expense or income that may be recognized in future years.

**5. Determination of fair values**

A number of the Group's accounting policies and associated disclosures require the determination of fair values for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information regarding the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

**5.1 Property, plant and equipment**

The fair values of items of property, plant and equipment recognized as a result of a business combination are based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items where available or based on the assessment of appropriately qualified independent valuers.

**5.2 Intangible assets**

The fair values of patents and trademarks acquired in a business combination are based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair values of other identifiable intangible assets are based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

**5.3 Investment property**

The fair values of investment property are based on active market prices adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If such information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. These valuations are reviewed internally and by external valuers.

**5.4 Inventory**

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale.

**5.5 Trade and other receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Given the short-term nature of trade receivables the carrying amount is a reasonable approximation of fair value.

**5.6 Derivatives**

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of commodity and other price derivatives is based on a valuation model. The valuation model (which includes where relevant the consideration of credit risk) discounts the estimated future cash flows based on the terms and maturity of each contract using forward curves and market interest rates at the reporting date.

**5.7 Non-derivative financial liabilities**

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated by discounting the future contractual cash flows at the current market interest rates that are available for similar financial instruments.

**5.8 Pension and post-employment medical benefits**

The valuation of the Group's defined benefit pension and post-employment medical plans is outlined in 3.13(a)(ii).

**5.9 Fair value of borrowings acquired**

The fair value of borrowings acquired in business combinations is determined using quoted market prices or agreed redemption values as at the date of acquisition.

**6. Segment reporting**

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ("CODM") in order to allocate resources to the segment and to assess its performance.

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The Group's CODM resides within the immediate parent company of the Group, Reynolds Group Holdings Limited ("RGHL"). Information reported to the Group's CODM for the purposes of resource allocation and assessment of segment performance is focused on five business segments that exist within the Group. The Group's reportable business segments under IFRS 8 are as follows:

- SIG Combibloc - SIG Combibloc is one of the world's leading manufacturers and suppliers of a broad range of high quality aseptic carton packaging solutions. They are designed to retain the taste and nutritional value of beverages and liquid food, without the use of chemical preservatives, even when stored for months without refrigeration. Its business is the supply of aseptic carton packaging systems, which include aseptic filling machines, aseptic cartons, spouts and closures.
- Evergreen – Evergreen is a leading manufacturer of fresh carton packaging for beverage products, primarily serving the juice and milk markets. Evergreen supplies integrated fresh carton packaging systems, which include fresh cartons, spouts, caps and closures, filling machines and related services. In addition, Evergreen manufactures liquid packaging board for beverage carton manufacturers and paper products for commercial printing.
- Reynolds Consumer Products – Reynolds Consumer Products is principally engaged in the manufacture and distribution of household products which are marketed under well recognized brands including Reynolds®, Hefty®, Diamond®, and Cut-Rite®. The segment also manufactures private label products under the Presto® product line, which is a leading supplier of store brand plastic storage and waste management products. Prior to the Pactiv Acquisition (see note 34), the Reynolds Consumer Products segment consisted solely of the Group's Reynolds consumer products business. The Group is in the process of combining its Reynolds consumer products business with its Hefty consumer products business.
- Closures – Closures is principally engaged in the design, manufacture and distribution of plastic and aluminum closures as well as capping systems primarily for the beverage industry globally. It also provides its customers with a full range of capping equipment and machinery as well as associated technical support and training.
- Pactiv Foodservice – Pactiv Foodservice is a leading manufacturer of foodservice and food packaging products. Pactiv Foodservice offers a comprehensive range of products including tableware items, takeout service containers, clear rigid-display packaging, microwaveable containers, foam trays, dual-ovenable paperboard containers, molded fiber egg cartons, meat and poultry trays, plastic film and aluminum containers. Prior to the Pactiv Acquisition (see note 34), the Pactiv Foodservice segment consisted solely of the Group's Reynolds foodservice packaging business. The Group is in the process of combining its Reynolds foodservice packaging business with its Pactiv foodservice packaging business.

The CODM does not review the business activities of the Group based on geography.

The accounting policies applied by each segment are the same as the Group's accounting policies. Results from operating activities represent the profit earned by each segment without allocation of central administrative revenue and expenses, financial income and expenses and income tax benefit (expense).

The CODM assesses the performance of the operating segments based on adjusted EBITDA. Adjusted EBITDA is defined as net profit before income tax expense, net financial expenses, depreciation and amortization adjusted to exclude certain significant items of a non-recurring or unusual nature, including but not limited to such items as restructuring costs, unrealized gains or losses on derivatives, gains or losses on the sale of non-strategic assets, asset impairments and write downs and equity method profit not distributed in cash.

Inter-segment pricing is determined with reference to prevailing market prices on an arm's length basis.

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Business segment reporting

(In \$ million)	For the period ended December 31, 2010						Total
	SIG Combibloc	Evergreen	Reynolds Consumer Products	Closures	Pactiv Foodservice	Corporate / unallocated *	
Total external revenue	1,845.8	1,580.2	1,333.6	1,166.5	847.9	-	6,774.0
Total inter-segment revenue	-	2.5	44.3	7.9	76.5	(131.2)	-
<b>Total segment revenue</b>	<b>1,845.8</b>	<b>1,582.7</b>	<b>1,377.9</b>	<b>1,174.4</b>	<b>924.4</b>	<b>(131.2)</b>	<b>6,774.0</b>
Gross profit	464.3	208.9	328.7	184.8	67.0	(0.1)	1,253.6
Expenses and other income	(212.9)	(66.6)	(112.5)	(88.9)	(105.1)	(9.3)	(595.3)
Share of profit of associates and joint ventures (equity method)	16.0	2.1	-	-	-	-	18.1
<b>Earnings before interest and tax ("EBIT")</b>	<b>267.4</b>	<b>144.4</b>	<b>216.2</b>	<b>95.9</b>	<b>(38.1)</b>	<b>(9.4)</b>	<b>676.4</b>
Financial income							51.6
Financial expenses							(749.9)
<b>Profit (loss) before income tax</b>							<b>(21.9)</b>
Income tax benefit (expense)							(76.7)
<b>Profit (loss) for the period</b>							<b>(98.6)</b>
<b>Earnings before interest and tax ("EBIT")</b>	<b>267.4</b>	<b>144.4</b>	<b>216.2</b>	<b>95.9</b>	<b>(38.1)</b>	<b>(9.4)</b>	<b>676.4</b>
Depreciation and amortization	242.9	61.8	59.5	79.4	54.3	-	497.9
<b>Earnings before interest, tax, depreciation and amortization ("EBITDA")</b>	<b>510.3</b>	<b>206.2</b>	<b>275.7</b>	<b>175.3</b>	<b>16.2</b>	<b>(9.4)</b>	<b>1,174.3</b>

\* Corporate / unallocated includes holding companies and certain debt issuer companies which support the entire Group and which are not part of a specific segment. It also includes eliminations of transactions and balances between segments.

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(In \$ million)	For the period ended December 31, 2010						Total
	SIG Combibloc	Evergreen	Reynolds Consumer Products	Closures	Pactiv Foodservice	Corporate / unallocated *	
<b>Earnings before interest, tax, depreciation and amortization (“EBITDA”)</b>	<b>510.3</b>	<b>206.2</b>	<b>275.7</b>	<b>175.3</b>	<b>16.2</b>	<b>(9.4)</b>	<b>1,174.3</b>
Included in EBITDA:							
Adjustment related to settlement of a lease obligation	-	-	(1.6)	-	-	-	(1.6)
Asset impairment charges (reversals)	(0.8)	-	-	-	29.5	-	28.7
Black Liquor Credit	-	(10.3)	-	-	-	-	(10.3)
Business acquisition costs	-	1.5	-	1.0	-	9.5	12.0
Business closing costs (reversal)	-	(0.3)	-	-	-	-	(0.3)
Business interruption costs (recovery)	-	-	(0.3)	2.1	-	-	1.8
CSI Americas gain on acquisition	-	-	-	(9.8)	-	-	(9.8)
Equity method profit not distributed in cash	(12.1)	(2.1)	-	-	-	-	(14.2)
Gains on sale of businesses and investment properties	(5.5)	(2.1)	(0.2)	-	(8.3)	-	(16.1)
Impact of purchase price accounting on inventories	-	-	25.3	-	38.8	-	64.1
Impact of purchase price accounting on leases	-	-	-	-	(0.3)	-	(0.3)
Operational process engineering-related consultancy costs	-	1.8	6.4	-	-	-	8.2
Pension income	-	-	-	-	-	(5.2)	(5.2)
Related party management fees	-	0.8	-	-	-	-	0.8
Restructuring costs (recoveries)	11.4	-	(4.3)	2.6	(1.0)	-	8.7
Termination of supply agreements	-	-	-	-	7.0	-	7.0
Unrealized (gain)/loss on derivatives	(0.2)	0.8	(2.3)	(1.1)	(1.0)	-	(3.8)
VAT and custom duties on historical imports	9.8	-	-	-	-	-	9.8
<b>Adjusted earnings before interest, tax, depreciation and amortization (“Adjusted EBITDA”)</b>	<b>512.9</b>	<b>196.3</b>	<b>298.7</b>	<b>170.1</b>	<b>80.9</b>	<b>(5.1)</b>	<b>1,253.8</b>
<b>Segment assets</b>	<b>3,439.3</b>	<b>1,256.6</b>	<b>1,763.0</b>	<b>1,739.1</b>	<b>404.6</b>	<b>7,307.3</b>	<b>15,909.9</b>
Included in segment assets are:							
Additions to property, plant and equipment	150.9	46.8	12.9	82.3	9.8	12.0	314.7
Additions to intangible assets	13.0	-	5.3	-	-	-	18.3
Additions to investment properties	3.9	-	-	-	-	-	3.9
Investment in associates and joint ventures (equity method)	97.1	12.5	-	-	-	-	109.6
<b>Segment liabilities</b>	<b>2,073.3</b>	<b>391.9</b>	<b>1,160.5</b>	<b>1,167.1</b>	<b>196.5</b>	<b>10,919.4</b>	<b>15,908.7</b>

\* Corporate / unallocated includes holding companies and certain debt issuer companies which support the entire Group and which are not part of a specific segment. It also includes eliminations of transactions and balances between segments. In addition, it includes \$8,345.2 million of assets, \$12.0 million of additions to property, plant and equipment, and \$7,987.4 million of liabilities related to the businesses acquired in the Pactiv Acquisition that have not yet been allocated between the Reynolds Consumer Products and Pactiv Foodservice segments as at December 31, 2010 due to the proximity of the acquisition date to year end. For details see note 34. While the statement of financial position data has not been allocated, the Reynolds Consumer Products and Pactiv Foodservice segment results include the contribution from the relative Pactiv businesses for the period from November 16, 2010 to December 31, 2010.

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(In \$ million)	For the period ended December 31, 2009						Total
	SIG Combibloc	Evergreen	Reynolds Consumer Products	Closures	Pactiv Foodservice	Corporate / unallocated *	
Total external revenue	1,668.1	1,429.0	1,150.5	977.2	685.2	-	5,910.0
Total inter-segment revenue	-	-	39.4	2.5	53.6	(95.5)	-
<b>Total segment revenue</b>	<b>1,668.1</b>	<b>1,429.0</b>	<b>1,189.9</b>	<b>979.7</b>	<b>738.8</b>	<b>(95.5)</b>	<b>5,910.0</b>
Gross profit	409.9	376.0	222.2	161.4	46.8	2.4	1,218.7
Expenses and other income	(229.3)	(85.0)	(31.3)	(79.2)	(45.1)	(2.1)	(472.0)
Share of profit of associates and joint ventures (equity method)	9.1	2.2	-	-	0.1	-	11.4
<b>Earnings before interest and tax ("EBIT")</b>	<b>189.7</b>	<b>293.2</b>	<b>190.9</b>	<b>82.2</b>	<b>1.8</b>	<b>0.3</b>	<b>758.1</b>
Financial income							9.3
Financial expenses							(496.2)
<b>Profit (loss) before income tax</b>							<b>271.2</b>
Income tax benefit (expense)							(147.9)
<b>Profit (loss) for the period</b>							<b>123.3</b>
<b>Earnings before interest and tax ("EBIT")</b>	<b>189.7</b>	<b>293.2</b>	<b>190.9</b>	<b>82.2</b>	<b>1.8</b>	0.3	<b>758.1</b>
Depreciation and amortization	250.2	63.7	63.4	72.7	51.7	-	501.7
<b>Earnings before interest, tax, depreciation and amortization ("EBITDA")</b>	<b>439.9</b>	<b>356.9</b>	<b>254.3</b>	<b>154.9</b>	<b>53.5</b>	<b>0.3</b>	<b>1,259.8</b>

\* Corporate / unallocated includes holding companies and certain debt issuer companies which support the entire Group and which are not part of a specific segment. It also includes eliminations of transactions and balances between segments.

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(In \$ million)	For the period ended December 31, 2009						Total
	SIG Combibloc	Evergreen	Reynolds Consumer Products	Closures	Pactiv Foodservice	Corporate / unallocated *	
<b>Earnings before interest, tax, depreciation and amortization (“EBITDA”)</b>	<b>439.9</b>	<b>356.9</b>	<b>254.3</b>	<b>154.9</b>	<b>53.5</b>	<b>0.3</b>	<b>1,259.8</b>
Included in EBITDA:							
Asset impairment charges	5.9	6.1	0.3	-	0.6	-	12.9
Black Liquor Credit	-	(214.1)	-	-	-	-	(214.1)
Costs related to business acquisitions	-	1.2	-	-	-	-	1.2
Elimination of the effect of historical Reynolds Consumer hedging policy	-	-	90.8	-	4.5	-	95.3
Equity method profit not distributed in cash	(7.7)	(2.2)	-	-	(0.1)	-	(10.0)
Inventory write-off arising on restructure	-	-	-	-	5.3	-	5.3
Korean insurance claim	-	(2.0)	-	-	-	-	(2.0)
Loss on sale of Baco assets	-	-	1.2	-	-	-	1.2
Operational process engineering-related consultancy costs	-	13.2	-	-	-	-	13.2
Manufacturing plant flood impact	-	-	5.2	-	-	-	5.2
Plant realignment costs	-	-	2.1	-	-	-	2.1
Related party management fees	-	2.5	-	-	-	-	2.5
Restructuring costs	37.5	2.9	4.8	3.0	9.6	0.1	57.9
Transition costs	-	-	23.6	-	-	-	23.6
Unrealized gains on derivatives	(4.3)	-	(101.9)	(9.8)	(13.0)	-	(129.0)
VAT and custom duties on historical imports	3.5	-	-	-	-	-	3.5
Write down of assets held for sale	-	0.7	-	-	-	-	0.7
Write off of receivables related to sale of Venezuela operations	-	1.4	-	-	-	-	1.4
<b>Adjusted earnings before interest, tax, depreciation and amortization (“Adjusted EBITDA”)</b>	<b>474.8</b>	<b>166.6</b>	<b>280.4</b>	<b>148.1</b>	<b>60.4</b>	<b>0.4</b>	<b>1,130.7</b>
<b>Segment assets</b>	<b>4,024.6</b>	<b>1,316.2</b>	<b>1,669.6</b>	<b>1,431.7</b>	<b>511.7</b>	<b>(1,419.3)</b>	<b>7,534.5</b>
Included in segment assets are:							
Additions to property, plant and equipment	77.4	61.0	31.0	68.5	4.2	-	242.1
Additions to intangible assets	20.9	2.0	22.5	-	2.7	-	48.1
Additions to investment property	2.2	-	-	-	-	-	2.2
Investment in associates and joint ventures (equity method)	90.1	10.3	-	-	3.4	-	103.8
<b>Segment liabilities</b>	<b>1,255.0</b>	<b>1,034.0</b>	<b>1,158.2</b>	<b>970.4</b>	<b>266.6</b>	<b>1,991.6</b>	<b>6,675.8</b>

\* Corporate / unallocated includes holding companies and certain debt issuer companies which support the entire Group and which are not part of a specific segment. It also includes eliminations of transactions and balances between segments.

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For the period ended December 31, 2008

(In \$ million)							Total continuing operations	Discontinued operations-SIG Beverages	Total
	SIG Combibloc	Evergreen	Reynolds Consumer Products	Closures	Pactiv Foodservice	Corporate / unallocated *			
Total external revenue	1,747.3	1,505.5	1,151.9	855.8	752.3	-	6,012.8	50.6	6,063.4
Total inter-segment revenue	-	-	64.1	-	80.5	(144.6)	-	-	-
<b>Total segment revenue</b>	<b>1,747.3</b>	<b>1,505.5</b>	<b>1,216.0</b>	<b>855.8</b>	<b>832.8</b>	<b>(144.6)</b>	<b>6,012.8</b>	<b>50.6</b>	<b>6,063.4</b>
Gross profit	339.9	105.9	143.9	101.6	15.4	(3.1)	703.6	17.2	720.8
Expenses and other income	(212.7)	(56.0)	(281.6)	(80.3)	(83.6)	(1.4)	(715.6)	(10.2)	(725.8)
Share of profit of associates and joint ventures (equity method)	4.9	1.0	-	-	0.4	-	6.3	-	6.3
<b>Earnings before interest and tax ("EBIT")</b>	<b>132.1</b>	<b>50.9</b>	<b>(137.7)</b>	<b>21.3</b>	<b>(67.8)</b>	<b>(4.5)</b>	<b>(5.7)</b>	<b>7.0</b>	<b>1.3</b>
Financial income							146.5	0.3	146.8
Financial expenses							(375.8)	-	(375.8)
<b>Profit (loss) before income tax</b>							<b>(235.0)</b>	<b>7.3</b>	<b>(227.7)</b>
Income tax benefit (expense)							34.6	(1.0)	33.6
<b>Profit (loss) for the period before gain on disposal</b>							<b>(200.4)</b>	<b>6.3</b>	<b>(194.1)</b>
Gain on disposal of discontinued operations								37.7	37.7
<b>Profit (loss) for the period</b>									<b>(156.4)</b>
<b>Earnings before interest and tax ("EBIT")</b>	<b>132.1</b>	<b>50.9</b>	<b>(137.7)</b>	<b>21.3</b>	<b>(67.8)</b>	<b>(4.5)</b>	<b>(5.7)</b>		
Depreciation and amortization	265.5	60.3	52.5	56.3	41.8	-	476.4		
<b>Earnings before interest, tax, depreciation and amortization ("EBITDA")</b>	<b>397.6</b>	<b>111.2</b>	<b>(85.2)</b>	<b>77.6</b>	<b>(26.0)</b>	<b>(4.5)</b>	<b>470.7</b>		

\* Corporate / unallocated includes holding companies and certain debt issuer companies which support the entire Group and which are not part of a specific segment. It also includes eliminations of transactions and balances between segments.

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(In \$ million)	For the period ended December 31, 2008						Total continuing operations
	SIG Combibloc	Evergreen	Reynolds Consumer Products	Closures	Pactiv Foodservice	Corporate / unallocated *	
<b>Earnings before interest, tax, depreciation and amortization (“EBITDA”)</b>	<b>397.6</b>	<b>111.2</b>	<b>(85.2)</b>	<b>77.6</b>	<b>(26.0)</b>	<b>(4.5)</b>	<b>470.7</b>
Included in EBITDA:							
Elimination of the effect of historical Reynolds Consumer hedging policy	-	-	3.7	-	0.5	-	4.2
Equity method profit not distributed in cash	(4.9)	(1.0)	-	-	(0.4)	-	(6.3)
Gain on sale of non-current assets	(1.9)	-	-	-	-	-	(1.9)
Impact of purchase price accounting on inventories	-	-	17.3	8.9	4.3	-	30.5
Realized losses on derivatives novated with related party	-	-	32.8	-	-	-	32.8
Related party management fees	-	3.4	-	-	-	-	3.4
Restructuring costs	14.1	3.9	32.6	9.5	18.8	-	78.9
Transition costs	-	1.7	7.1	1.4	-	-	10.2
Unrealized losses on derivatives	7.8	-	130.8	9.3	12.2	-	160.1
VAT and custom duties on historical imports	2.2	-	-	-	-	-	2.2
<b>Adjusted earnings before interest, tax, depreciation and amortization (“Adjusted EBITDA”)</b>	<b>414.9</b>	<b>119.2</b>	<b>139.1</b>	<b>106.7</b>	<b>9.4</b>	<b>(4.5)</b>	<b>784.8</b>
<b>Segment assets</b>	<b>4,327.5</b>	<b>1,228.7</b>	<b>1,713.5</b>	<b>1,387.1</b>	<b>531.4</b>	<b>(1,450.0)</b>	<b>7,738.2</b>
Included in segment assets are:							
Additions to property, plant and equipment	117.6	59.0	35.0	38.5	12.5	-	262.6
Additions to intangible assets	26.8	4.5	-	-	-	-	31.3
Investment in associates and joint ventures (equity method)	81.4	8.1	-	-	3.1	-	92.6
<b>Segment liabilities</b>	<b>1,372.2</b>	<b>1,115.2</b>	<b>1,524.7</b>	<b>978.9</b>	<b>299.6</b>	<b>982.5</b>	<b>6,273.1</b>

\* Corporate / unallocated includes holding companies and certain debt issuer companies which support the entire Group and which are not part of a specific segment. It also includes eliminations of transactions and balances between segments.

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**Information about geographic area**

The Group's revenue from external customers and information about its segment assets (total non-current assets excluding financial instruments, non-current receivables, deferred tax assets and post-employment benefit assets) by geographical origin are detailed below. In presenting information on a geographical basis, revenue and assets have been based in the location of the business operations:

(In \$ million)	North America	Europe	Asia	South America	Other *	Total continuing operations
<b>Total external revenue</b>						
For the period ended December 31, 2010	4,127.1	1,498.7	759.3	291.7	97.2	6,774.0
For the period ended December 31, 2009	3,508.6	1,483.3	655.5	249.3	13.3	5,910.0
For the period ended December 31, 2008	3,580.6	1,644.6	546.1	229.4	12.1	6,012.8
<b>Non-current assets</b>						
As at December 31, 2010	9,635.6	1,770.7	855.4	122.1	59.5	12,443.3
As at December 31, 2009	2,612.6	1,766.9	768.9	135.6	15.8	5,299.8
As at December 31, 2008	2,719.2	1,861.4	780.5	123.0	16.3	5,500.4

\* Revenue from external customers in Luxembourg, the country where BP I and BP II are domiciled, was nil for the period ended December 31, 2010 (2009: nil; 2008: nil).

The preliminary values of the non-current assets recognized from the Pactiv Acquisition (refer to note 34) are their estimated fair values. The fair values of the assets have been determined on a provisional basis, reflecting the proximity of the acquisition to year end and the issuance of these financial statements.

**Information about major customers**

The Group does not have revenue from transactions with a single external customer amounting to 10% or more of the Group's revenue.

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**7. Discontinued operations**

On April 2, 2008 the Group completed the sale of the SIG Beverages operations. As a result of this, the SIG Beverages segment has been disclosed as a discontinued operation.

(In \$ million)	For the period ended December 31		
	2010	2009	2008
<b>Results of discontinued operations</b>			
Revenue	-	-	50.6
Cost of sales	-	-	(33.4)
Gross profit	-	-	17.2
Expenses	-	-	(10.2)
Profit from operating activities	-	-	7.0
Net financial income	-	-	0.3
Income tax expense	-	-	(1.0)
Profit from operating activities, net of income tax	-	-	6.3
Gain on sale of discontinued operations	-	-	61.2
Income tax on gain on sale of discontinued operation	-	-	(23.5)
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>44.0</b>
<b>Cash flows from discontinued operations</b>			
Net cash from (used in) operating activities	-	-	(24.9)
Net cash from (used in) financing activities	-	-	(1.0)
Net cash from (used in) investing activities	-	-	21.6
<b>Net cash from (used in) discontinued operations</b>	<b>-</b>	<b>-</b>	<b>(4.3)</b>

The disposal had the following effect on the Group's assets and liabilities at their disposal date (April 2, 2008):

(In \$ million)	2010	2009	2008
Cash and cash equivalents	-	-	(7.0)
Trade and other receivables	-	-	(58.7)
Inventories	-	-	(56.6)
Deferred tax assets	-	-	(1.7)
Property, plant and equipment	-	-	(35.3)
Intangible assets (excluding goodwill)	-	-	(62.2)
Goodwill	-	-	(35.3)
Trade and other payables	-	-	74.6
Borrowings	-	-	11.2
Deferred tax liabilities	-	-	13.7
Provisions	-	-	15.4
Impact of amounts recycled from translation of foreign operations	-	-	(4.5)
	<b>-</b>	<b>-</b>	<b>(146.4)</b>
<b>Gain on disposal</b>	<b>-</b>	<b>-</b>	<b>37.7</b>
Consideration received, satisfied in cash	-	-	184.1
Cash disposed of	-	-	(7.0)
<b>Net cash inflow</b>	<b>-</b>	<b>-</b>	<b>177.1</b>

**8. Revenue**

(In \$ million)	For the period ended December 31		
	2010	2009	2008
Sale of goods	6,691.6	5,844.7	5,948.8
Services	82.4	65.3	64.0
<b>Total revenue</b>	<b>6,774.0</b>	<b>5,910.0</b>	<b>6,012.8</b>

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**9. Other income**

(In \$ million)	Note	For the period ended December 31		
		2010	2009	2008
Adjustment related to settlement of a lease obligation		1.6	-	-
CSI Americas gain on acquisition	34	9.8	-	-
Gain on sale of businesses and investment properties		16.1	-	-
Gain on sale of other non-current assets		4.6	3.9	0.5
Government export incentive		-	0.6	-
Income from facility management		10.6	15.2	23.8
Income from miscellaneous services		8.0	10.9	14.6
Insurance claims		0.4	3.9	-
Management fees received		2.2	-	-
Net foreign currency exchange gain		-	-	4.9
Rental income from investment properties		6.4	4.7	12.4
Royalty income		2.2	1.6	0.5
Sale of by-products		25.2	18.3	28.1
Unrealized gains on derivatives		3.8	129.0	-
Other		11.2	12.9	8.8
<b>Total other income</b>		<b>102.1</b>	<b>201.0</b>	<b>93.6</b>

**10. Auditors' remuneration**

(In \$ million)	For the period ended December 31		
	2010	2009	2008
Auditor's remuneration to PricewaterhouseCoopers, comprising:			
Audit fees	(8.1)	(6.4)	(3.2)
Other audit related fees (a)	(5.4)	(4.7)	(0.4)
Tax fees (b)	(0.6)	(12.1)	-
Auditor's remuneration to Deloitte & Touche, LLP, comprising:			
Audit fees	(0.2)	-	(1.4)
Other audit related fees	(0.8)	-	(0.4)
Tax fees	-	(0.4)	-
<b>Total auditors' remuneration</b>	<b>(15.1)</b>	<b>(23.6)</b>	<b>(5.4)</b>

(a) Other audit related fees include services for the audit or review of financial information other than year end or interim financial statements (including audits of carve out financial statements for debt refinancing and covenant reporting under bank facilities).

(b) In 2009 \$12.1 million was incurred for tax advice from PricewaterhouseCoopers LLP regarding alternative fuel mixtures credits (refer to note 19). These costs have been recognized as a component of cost of sales during the period ended December 31, 2009.

**11. Other expenses**

(In \$ million)	Note	For the period ended December 31		
		2010	2009	2008
Asset impairment charges on property, plant and equipment, intangible assets and investment properties		(28.7)	(10.7)	-
Asset impairment charges - other assets		-	(2.2)	-
Business acquisition costs		(12.0)	-	-
Business interruption costs		(2.1)	-	-
Loss on disposal of property, plant and equipment		-	-	(0.9)
Loss on sale of Baco assets		-	(1.2)	-
Net foreign currency exchange loss		(2.7)	(3.3)	-
Operational process engineering-related consultancy costs		(8.2)	(13.2)	-
Related party management fees	31	(0.8)	(2.5)	(3.4)
Restructuring costs		(8.7)	(57.9)	(78.9)
Termination of supply agreements		(7.0)	-	-
Unrealized losses on derivatives		-	-	(160.1)
VAT and customs duties on historical imports		(9.8)	(3.5)	(2.2)
Other		-	(1.4)	(0.9)
<b>Total other expenses</b>		<b>(80.0)</b>	<b>(95.9)</b>	<b>(246.4)</b>

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**12. Personnel expenses**

The employee benefit expense recognized in the statements of comprehensive income is \$1,228.9 million for the period ended December 31, 2010 (2009: \$1,167.4 million; 2008: \$1,097.8 million). Employee benefit expense includes short-term employee benefits, post-employment benefits and other long-term employee benefits. For additional details related to the post-employment benefit plans, refer to note 27.

**13. Financial income and expenses**

(In \$ million)	Note	For the period ended December 31		
		2010	2009	2008
Interest income		5.1	5.7	7.5
Interest income on related party loans	31	2.8	1.4	1.8
Net change in fair values of derivatives		43.7	2.2	-
Net foreign currency exchange gain		-	-	137.2
<b>Financial income</b>		<b>51.6</b>	<b>9.3</b>	<b>146.5</b>
Interest expense				
2009 Credit Agreement		(135.0)	(13.0)	-
October 2010 Notes		(50.4)	-	-
May 2010 Notes		(55.8)	-	-
2009 Notes		(133.9)	(20.2)	-
2007 Notes		(104.0)	(109.8)	(115.2)
Pactiv 2012 Notes		(1.6)	-	-
Pactiv 2017 Notes		(3.0)	-	-
Pactiv 2018 Notes		(0.1)	-	-
Pactiv 2025 Notes		(2.7)	-	-
Pactiv 2027 Notes		(2.1)	-	-
2008 Reynolds Senior Credit Facilities		-	(65.8)	(77.0)
2007 SIG Senior Credit Facilities		-	(47.1)	(52.7)
CHH Facility		(7.6)	(21.8)	(57.2)
Blue Ridge Facility		-	(1.5)	(2.2)
Related party borrowings	31	(0.5)	(12.0)	(22.4)
Amortization of:				
Debt issue costs				
2009 Credit Agreement		(10.0)	(0.9)	-
October 2010 Notes		(2.1)	-	-
May 2010 Notes		(1.5)	-	-
2009 Notes		(8.7)	(1.2)	-
2007 Notes		(3.7)	(3.7)	(3.8)
2008 Reynolds Senior Credit Facilities		-	(19.0)	(18.4)
2007 SIG Senior Credit Facilities		-	(2.6)	(6.0)
CHH Facility		(0.4)	(1.2)	(1.2)
Fair value adjustment of Pactiv Notes		1.1	-	-
Original issue discounts		(6.1)	(0.9)	-
Embedded derivatives		2.8	0.3	-
Unamortized debt issue costs written off		-	(36.2)	-
2009 Credit Agreement amendment fees		(11.8)	-	-
2010 debt commitment letter and related costs		(97.5)	-	-
Write down of securities to market value		-	-	(1.8)
Net foreign currency exchange loss		(100.7)	(130.4)	-
Other		(14.6)	(9.2)	(17.9)
<b>Financial expenses</b>		<b>(749.9)</b>	<b>(496.2)</b>	<b>(375.8)</b>
<b>Net financial expenses</b>		<b>(698.3)</b>	<b>(486.9)</b>	<b>(229.3)</b>

The 2010 debt commitment letter was initially for an amount up to \$5.0 billion, subject to certain conditions and adjustments, and resulted in the Group incurring \$97.5 million of fees. The proceeds from the issuance of the October 2010 Notes and drawings under the 2009 Credit Agreement were used to partially finance the Pactiv Acquisition (refer to note 34). As the commitments under the 2010 debt commitment letter were not utilized, the Group expensed the fees of \$97.5 million.

Refer to note 26 for information on the Group's borrowings.

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**14. Income tax**

<b>(In \$ million)</b>	<b>For the period ended December 31</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Current tax expense</b>			
Current period	(117.2)	(113.3)	(53.4)
Adjustment for prior periods	0.4	(15.9)	(4.4)
	<b>(116.8)</b>	<b>(129.2)</b>	<b>(57.8)</b>
<b>Deferred tax (expense) benefit</b>			
Origination and reversal of temporary differences	33.7	(29.0)	72.1
Tax rate modifications	(0.2)	(3.6)	10.3
Recognition of previously unrecognized tax losses and temporary differences	6.2	17.8	0.2
Adjustments for prior periods	0.4	(3.9)	9.8
	<b>40.1</b>	<b>(18.7)</b>	<b>92.4</b>
<b>Income tax benefit (expense)</b>	<b>(76.7)</b>	<b>(147.9)</b>	<b>34.6</b>
Income tax benefit (expense) from continuing operations	(76.7)	(147.9)	34.6
Income tax benefit (expense) from discontinued operations	-	-	(24.5)
<b>Income tax benefit (expense)</b>	<b>(76.7)</b>	<b>(147.9)</b>	<b>10.1</b>

**14.1 Reconciliation of effective tax rate**

<b>(In \$ million)</b>	<b>For the period ended December 31</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Profit (loss) before income tax</b>	<b>(21.9)</b>	<b>271.2</b>	<b>(235.0)</b>
Income tax using the Group's domestic tax rate of 30% (2009: 30%; 2008: 30%)	<b>6.6</b>	<b>(81.3)</b>	<b>70.5</b>
Effect of tax rates in foreign jurisdictions	(8.2)	16.4	(3.8)
Non-deductible expenses	(32.0)	(3.9)	(7.8)
Tax exempt income and income at a reduced tax rate	10.4	4.4	30.3
Cellulosic biofuel credits	29.3	-	-
United States manufacturing deduction	-	2.2	-
Controlled foreign corporation income tax ("CFC")	(10.8)	-	-
Tax rate modifications <sup>(a)</sup>	(0.2)	(3.6)	10.3
Benefit of tax losses recognized	-	9.3	-
Effect of tax rates in state and local tax	(5.3)	(0.5)	1.7
Recognition of previously unrecognized tax losses and temporary differences	6.2	12.1	11.1
Unrecognized tax losses and temporary differences	(61.5)	(82.2)	(73.3)
Withholding tax	(9.8)	(3.1)	-
Other	(2.2)	(2.8)	-
(Under) over provided in prior periods	0.8	(14.9)	(4.4)
<b>Total current period income tax (expense) benefit</b>	<b>(76.7)</b>	<b>(147.9)</b>	<b>34.6</b>

Effective from January 1, 2008 SIG Technology Ltd, a subsidiary of the Group, was granted the status as a "Mixed Company" under Swiss tax law resulting in an effective tax rate of 10% in 2008.

**15. Other comprehensive income**

<b>(In \$ million)</b>	<b>For the period ended December 31</b>					
	<b>2010</b>		<b>2009</b>		<b>2008</b>	
	<b>Pre-Tax</b>	<b>Tax Effect</b>	<b>Pre-Tax</b>	<b>Tax Effect</b>	<b>Pre-Tax</b>	<b>Tax Effect</b>
Exchange difference on translating foreign operations	276.5	-	71.7	-	(36.8)	-
Cash flow hedges	-	-	18.7	(7.2)	(12.9)	5.2
<b>Total other comprehensive income</b>	<b>276.5</b>	<b>-</b>	<b>90.4</b>	<b>(7.2)</b>	<b>(49.7)</b>	<b>5.2</b>

During the period ended December 31, 2010 the Group transferred \$48.9 million (2009: nil) of foreign currency translation reserves which had been previously recognized in other comprehensive income to the profit or loss primarily as a result of the internal restructuring of legal entities within the SIG segment.

During the period ended December 31, 2010 the Group transferred nil (2009: \$11.5 million) in respect of cash flow hedges which had been previously recognized in other comprehensive income to the profit or loss following the derivatives becoming ineffective hedges when the underlying borrowings were repaid.

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**16. Cash and cash equivalents**

(In \$ million)	As at December 31	
	2010	2009
Cash at bank and on hand	591.3	512.5
Short-term deposits	71.8	2.3
<b>Total cash and cash equivalents</b>	<b>663.1</b>	<b>514.8</b>

**17. Trade and other receivables**

(In \$ million)	As at December 31	
	2010	2009
Trade receivables	977.3	515.5
Provision for doubtful debts	(22.0)	(21.9)
	<b>955.3</b>	<b>493.6</b>
Related party receivables (refer to note 31)	36.1	51.6
Other receivables	153.9	137.9
<b>Total current trade and other receivables</b>	<b>1,145.3</b>	<b>683.1</b>
Related party receivables (refer to note 31)	-	71.3
Other receivables	47.6	42.2
<b>Total non-current receivables</b>	<b>47.6</b>	<b>113.5</b>

**17.1 Movement in provision for doubtful debts**

(In \$ million)	As at December 31	
	2010	2009
Balance at the beginning of the period	(21.9)	(24.5)
Doubtful debts charge recognized	(8.5)	(4.0)
Doubtful debts provision applied against trade receivable balance	6.4	4.1
Reversal of doubtful debts charges previously recognized	1.6	2.6
Effect of exchange rate fluctuations	0.4	(0.1)
<b>Balance at the end of the period</b>	<b>(22.0)</b>	<b>(21.9)</b>

The doubtful debts charge recognized of \$8.5 million (2009: \$4.0 million) relates to increases required as a result of management's review of the trade receivable balances.

**17.2 Balances net of provision for doubtful debts**

(In \$ million)	As at December 31	
	2010	2009
Aging of trade receivables at reporting date		
Current	842.4	425.3
Past due 0 to 30 days	91.2	39.0
Past due 31 days to 60 days	6.1	11.6
Past due 61 days to 90 days	2.0	4.2
More than 91 days	13.6	13.5
<b>Balance at the end of the period</b>	<b>955.3</b>	<b>493.6</b>

The individual operating divisions within the Group have reviewed their respective past due trade receivable balances on either an individual or collective basis in conjunction with their current level of credit insurance, where applicable. Based on past experience, the Group believes that no further allowance for doubtful debts other than that recognized is necessary.

**18. Assets and liabilities held for sale**

(In \$ million)	As at December 31	
	2010	2009
Property, plant and equipment	17.8	33.7
<b>Total assets held for sale</b>	<b>17.8</b>	<b>33.7</b>

**Property, plant and equipment**

On May 31, 2008, the Evergreen segment elected to make available for sale certain items of property, plant and equipment associated with its Richmond, Virginia facility. During the period ended December 31, 2010 the Group finalized the sale of these assets (with nil impairment charges).

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During the period ended December 31, 2009, the Pactiv Foodservice segment announced separate plans to dispose of the property, plant and equipment associated with its now closed Richmond and Downingtown facilities in the United States. At the time of making this election the assets associated with these facilities were re-classified to available for sale (with nil impairment charges). During the period ended December 31, 2010, the Group finalized the sale of the Downingtown facility (with no additional impairment charges) and recorded impairment charges of \$7.0 million on the Richmond facility. Efforts to dispose of the remaining assets are currently progressing and are expected to be finalized by December 31, 2011.

**19. Inventories**

<b>(In \$ million)</b>	<b>As at December 31</b>	
	<b>2010</b>	<b>2009</b>
Raw materials and consumables	378.8	234.9
Work in progress	167.0	104.5
Finished goods	646.0	393.8
Engineering and maintenance materials	145.7	69.9
Provision against inventories	(56.9)	(47.5)
<b>Total inventories</b>	<b>1,280.6</b>	<b>755.6</b>

During the period ended December 31, 2010 the write-down of inventories to net realizable value amounted to \$2.7 million (2009: \$9.5 million; 2008: \$3.1 million). The reversal of write downs during 2010 was \$2.1 million (2009: nil; 2008: \$0.5 million). The write downs and reversals are included in cost of sales.

The U.S. Internal Revenue Code provided a tax credit for companies that use alternative fuel mixtures to produce energy to operate their businesses. The credit, equal to \$0.50 per gallon of alternative fuel contained in the mixture, was refundable to the taxpayer. During May 2009, the Group received notification that its application to be registered as an alternative fuel mixer at its Canton and Pine Bluff facilities (within the Evergreen segment), had been approved. For the year ended December 31, 2009, the Group filed claims for alternative fuel mixture credits covering eligible periods from January 2009 to December 2009, totaling approximately \$235 million. As a result of these claims, the Group recognized during the period ended December 31, 2009 a reduction of \$214.1 million in its cost of sales, being the claim value net of applicable expenses. In 2010, the Group filed for additional claims based on information released by the Internal Revenue Service in 2010 clarifying how the volume of alternative fuel mixture used in the production process that qualifies for the tax credit should be determined. As a result, the Group recognized during the period ended December 31, 2010 a reduction of \$10.3 million in its cost of sales, being the claim value net of applicable expenses.

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**20. Property, plant and equipment**

(In \$ million)	Land	Buildings, plant and equipment	Capital work in progress	Leased assets lessor	Finance leased assets	Total
<b>As at December 31, 2010</b>						
Cost	219.3	3,447.3	200.8	267.9	28.2	4,163.5
Accumulated depreciation	-	(765.1)	-	(114.2)	(2.0)	(881.3)
Accumulated impairment losses	-	(7.6)	-	-	-	(7.6)
<b>Carrying amount at December 31, 2010</b>	<b>219.3</b>	<b>2,674.6</b>	<b>200.8</b>	<b>153.7</b>	<b>26.2</b>	<b>3,274.6</b>
<b>As at December 31, 2009</b>						
Cost	124.1	2,074.2	80.2	203.8	4.6	2,486.9
Accumulated depreciation	-	(561.8)	-	(94.0)	(1.3)	(657.1)
Accumulated impairment losses	-	(4.8)	-	-	-	(4.8)
<b>Carrying amount at December 31, 2009</b>	<b>124.1</b>	<b>1,507.6</b>	<b>80.2</b>	<b>109.8</b>	<b>3.3</b>	<b>1,825.0</b>
Carrying amount at January 1, 2010	124.1	1,507.6	80.2	109.8	3.3	1,825.0
Acquisition through business combinations	83.7	1,276.9	63.8	-	24.2	1,448.6
Additions	10.4	47.0	222.5	70.8	-	350.7
Capitalization of borrowing costs	-	-	0.7	-	-	0.7
Disposals	(2.3)	(24.4)	(0.2)	(3.4)	-	(30.3)
Depreciation for the period	-	(267.5)	-	(45.7)	(0.5)	(313.7)
Impairment losses	-	(7.6)	-	-	-	(7.6)
Transfers to assets held for sale	-	(1.0)	-	-	-	(1.0)
Transfers to intangibles	-	(3.3)	-	-	-	(3.3)
Other transfers	-	151.4	(167.8)	16.7	(0.3)	-
Effect of movements in exchange rates	3.4	(4.5)	1.6	5.5	(0.5)	5.5
<b>Carrying amount at December 31, 2010</b>	<b>219.3</b>	<b>2,674.6</b>	<b>200.8</b>	<b>153.7</b>	<b>26.2</b>	<b>3,274.6</b>
Cost at January 1, 2009	141.0	1,843.0	133.5	153.8	0.7	2,272.0
Accumulated depreciation and impairment losses at the beginning of the period	-	(286.2)	-	(46.1)	(0.2)	(332.5)
Carrying amount at January 1, 2009	141.0	1,556.8	133.5	107.7	0.5	1,939.5
Additions	-	26.0	178.2	34.8	3.1	242.1
Capitalization of borrowing costs	-	3.1	0.1	-	-	3.2
Disposals	(0.3)	(25.4)	(0.8)	(3.5)	-	(30.0)
Depreciation for the period	-	(288.9)	-	(40.9)	(0.9)	(330.7)
Impairment losses	-	(4.8)	-	-	-	(4.8)
Transfers to assets held for sale	(14.0)	(11.2)	-	-	-	(25.2)
Transfers to intangible assets	-	(1.5)	-	-	-	(1.5)
Transfer from investment properties	-	-	2.3	-	-	2.3
Other transfers	(4.8)	229.7	(230.0)	5.1	-	-
Effect of movements in exchange rates	2.2	23.8	(3.1)	6.6	0.6	30.1
<b>Carrying amount at December 31, 2009</b>	<b>124.1</b>	<b>1,507.6</b>	<b>80.2</b>	<b>109.8</b>	<b>3.3</b>	<b>1,825.0</b>

The depreciation charge of \$313.7 million for the period ended December 31, 2010 (2009: \$330.7 million; 2008: \$304.6 million) is recognized in the statements of comprehensive income as a component of cost of sales (2010: \$298.0 million; 2009: \$317.7 million; 2008: \$286.0 million), selling, marketing and distribution expenses (2010: \$3.3 million; 2009: \$3.6 million; 2008: nil) and general and administration expenses (2010: \$12.4 million; 2009: \$9.4 million; 2008: \$18.6 million).

During the period, the Group incurred an impairment loss of \$7.6 million (2009: \$4.8 million; 2008: nil) related to closures of certain facilities. There were no reversals of impairment charges during the period ended December 31, 2010 (2009: nil; 2008: nil). The impairment charge is included in other expenses in the profit or loss component of the statements of comprehensive income.

Refer to note 35 for details of the leased assets lessor category of property, plant and equipment. Refer to note 26 for details of security granted over property, plant and equipment and other assets. Refer to note 34 for details of assets acquired through business combinations.

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**21. Investment properties**

<b>(In \$ million)</b>	<b>As at December 31</b>	
	<b>2010</b>	<b>2009</b>
Balance at the beginning of the period	76.3	82.5
Additions	3.9	2.2
Disposals	(16.5)	(0.1)
Depreciation	(2.3)	(1.9)
Transfer to property, plant and equipment	-	(2.3)
Impairment reversals (losses)	0.8	(5.9)
Effect of movements in exchange rates	5.4	1.8
<b>Balance at the end of the period</b>	<b>67.6</b>	<b>76.3</b>
<b>Fair value of investment properties</b>	<b>67.9</b>	<b>86.5</b>

Investment properties (mainly industrial real estate), held by the Group's SIG segment, are leased to third parties. The method for determining the fair value of investment properties is described in note 5.3.

No contingent rents are charged.

Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the period ended December 31, 2010 totaled \$2.8 million (2009: \$2.7 million).

Direct operating expenses (including repairs and maintenance) arising from investment properties that did not generate rental income during the period ended December 31, 2010 were nil (2009: nil).

Impairments during the period ended December 31, 2009 related to three properties for which the land price per square meter decreased in 2009. The fair values of these properties were based on independent market appraisals. There were \$0.8 million of reversals of impairment charges during the period ended December 31, 2010 (2009: nil).

**22. Current and deferred tax assets and liabilities**

The current tax asset of \$108.6 million (2009: \$8.5 million) represents the amount of income taxes recoverable in respect of current and prior periods and that arise from the payment of tax in excess of the amounts due to the relevant tax authorities. The current tax liability of \$139.4 million (2009: \$74.6 million) represents the amount of income taxes payable in respect of current and prior periods.

**22.1 Unrecognized deferred tax assets**

<b>(In \$ million)</b>	<b>As at December 31</b>	
	<b>2010</b>	<b>2009</b>
Deductible/(taxable) temporary differences	19.5	14.1
Tax losses	284.2	229.6
<b>Total unrecognized deferred tax assets</b>	<b>303.7</b>	<b>243.7</b>

The tax losses of the Group expire over different time intervals depending on local jurisdiction requirements. Certain deductible temporary differences do not expire under current tax legislation in the jurisdiction where the differences arose. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefit.

**22.2 Unrecognized deferred tax liabilities**

To the extent that dividends remitted from overseas subsidiaries, joint ventures and associates and would result in additional income taxes payable, appropriate amounts have been provided for in the statements of financial position. No deferred tax liabilities have been provided for unremitted earnings of Group companies overseas when these amounts are considered permanently reinvested in the businesses of these companies. As of December 31, 2010, the unrecognized deferred tax liabilities associated with unremitted earnings totaled approximately \$23.5 million.

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**22.3 Movement in recognized deferred tax assets and liabilities**

(In \$ million)	Derivatives	Inventories	Property, plant and equipment	Investment property	Intangible assets	Employee benefits	Provisions	Tax loss carry- forwards	Other items	Tax credit	Unrecognized temporary differences	Unrealized foreign currency exchange losses (gains)	Net deferred tax assets (liabilities)
Balance at the beginning of the period	54.9	1.1	(219.0)	(6.2)	(274.5)	58.7	33.6	125.9	10.8	-	(18.9)	(40.2)	(273.8)
Recognized in the profit or loss	(48.6)	(3.0)	26.3	(0.1)	(18.6)	(8.2)	(6.9)	(21.5)	(3.6)	-	5.6	47.7	(30.9)
Recognized in equity	(7.2)	-	-	-	-	-	-	-	-	-	-	-	(7.2)
Other (including foreign exchange and disposals)	3.0	-	(1.2)	(0.2)	(1.5)	0.7	0.2	(0.2)	(1.7)	-	0.1	-	(0.8)
<b>Balance at December 31, 2009</b>	<b>2.1</b>	<b>(1.9)</b>	<b>(193.9)</b>	<b>(6.5)</b>	<b>(294.6)</b>	<b>51.2</b>	<b>26.9</b>	<b>104.2</b>	<b>5.5</b>	<b>-</b>	<b>(13.2)</b>	<b>7.5</b>	<b>(312.7)</b>
Recognized in the profit or loss	(12.3)	30.6	(17.8)	(1.7)	36.4	13.0	4.3	(9.1)	(1.7)	12.1	(6.3)	(7.4)	40.1
Acquired in business combinations	(3.2)	(14.5)	(289.1)	(0.1)	(1,125.1)	291.1	24.9	41.9	31.1	11.9	-	-	(1,031.1)
Other (including foreign exchange and disposals)	0.5	-	1.8	-	(0.1)	-	0.3	-	0.2	-	-	-	2.7
<b>Balance at December 31, 2010</b>	<b>(12.9)</b>	<b>14.2</b>	<b>(499.0)</b>	<b>(8.3)</b>	<b>(1,383.4)</b>	<b>355.3</b>	<b>56.4</b>	<b>137.0</b>	<b>35.1</b>	<b>24.0</b>	<b>(19.5)</b>	<b>0.1</b>	<b>(1,301.0)</b>

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(In \$ million)	As at December 31	
	2010	2009
Included in the statements of financial position as:		
Deferred tax assets - non-current	23.3	18.3
Deferred tax liabilities - non-current	(1,324.3)	(331.0)
<b>Total recognized net deferred tax asset (liability)</b>	<b>(1,301.0)</b>	<b>(312.7)</b>

**Movement in unrecognized deferred taxes**

(In \$ million)	Tax losses	Taxable temporary differences	Deductible temporary differences	Total unrecognized deferred tax asset
Balance at the beginning of the period	149.7	(17.7)	18.9	150.9
Additions and reversals	82.2	18.7	-	100.9
Recognition	(6.5)	-	(5.6)	(12.1)
Other (including foreign exchange and disposals)	4.2	(0.1)	(0.1)	4.0
<b>Balance at December 31, 2009</b>	<b>229.6</b>	<b>0.9</b>	<b>13.2</b>	<b>243.7</b>
Additions and reversals	56.1	(0.9)	6.3	61.5
Recognition	(6.2)	-	-	(6.2)
Acquired in business combinations	20.4	-	-	20.4
Other (including foreign exchange and disposals)	(15.7)	-	-	(15.7)
<b>Balance at December 31, 2010</b>	<b>284.2</b>	<b>-</b>	<b>19.5</b>	<b>303.7</b>

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**23. Intangible assets**

(In \$ million)	Goodwill	Trademarks	Customer relationships	Technology & Software	Other	Total
<b>As at December 31, 2010</b>						
Cost	4,329.4	2,428.1	2,004.9	536.7	288.3	9,587.4
Accumulated amortization	-	(10.5)	(278.1)	(219.1)	(129.9)	(637.6)
Accumulated impairment losses	-	-	-	-	(14.9)	(14.9)
<b>Carrying amount at December 31, 2010</b>	<b>4,329.4</b>	<b>2,417.6</b>	<b>1,726.8</b>	<b>317.6</b>	<b>143.5</b>	<b>8,934.9</b>
<b>As at December 31, 2009</b>						
Cost	1,730.0	661.2	831.7	328.1	173.1	3,724.1
Accumulated amortization	-	(6.9)	(196.9)	(144.3)	(96.9)	(445.0)
<b>Carrying amount at December 31, 2009</b>	<b>1,730.0</b>	<b>654.3</b>	<b>634.8</b>	<b>183.8</b>	<b>76.2</b>	<b>3,279.1</b>
Carrying amount at January 1, 2010	1,730.0	654.3	634.8	183.8	76.2	3,279.1
Acquisitions through business combinations	2,630.1	1,739.3	1,180.7	190.6	92.9	5,833.6
Other additions	-	-	2.6	8.6	7.1	18.3
Amortization for the period	-	(3.7)	(85.8)	(59.1)	(33.3)	(181.9)
Impairment losses	-	-	-	-	(14.9)	(14.9)
Disposals	-	-	-	(0.4)	(0.4)	(0.8)
Transfers from property, plant and equipment	-	-	-	3.3	-	3.3
Other transfers	-	-	-	(15.1)	15.1	-
Effect of movements in exchange rates	(30.7)	27.7	(5.5)	5.9	0.8	(1.8)
<b>Carrying amount at December 31, 2010</b>	<b>4,329.4</b>	<b>2,417.6</b>	<b>1,726.8</b>	<b>317.6</b>	<b>143.5</b>	<b>8,934.9</b>
Cost at January 1, 2009	1,708.3	656.6	819.4	286.9	152.5	3,623.7
Accumulated amortization at January 1, 2009	-	(2.7)	(112.0)	(83.1)	(64.8)	(262.6)
Carrying amount at the January 1, 2009	1,708.3	653.9	707.4	203.8	87.7	3,361.1
Adjustment to business combinations	(6.6)	-	-	-	-	(6.6)
Other additions	-	-	-	29.3	18.8	48.1
Transfers from property, plant and equipment	-	-	-	1.5	-	1.5
Amortization for the period	-	(5.6)	(79.9)	(52.9)	(30.7)	(169.1)
Disposals	(1.5)	(1.4)	-	(0.1)	(0.4)	(3.4)
Effect of movements in exchange rates	29.8	7.4	7.3	2.2	0.8	47.5
<b>Carrying amount at December 31, 2009</b>	<b>1,730.0</b>	<b>654.3</b>	<b>634.8</b>	<b>183.8</b>	<b>76.2</b>	<b>3,279.1</b>

The amortization charge of \$181.9 million for the period ended December 31, 2010 (2009: \$169.1 million; 2008: \$169.0 million) is recognized in the statements of comprehensive income as a component of cost of sales (2010: \$82.3 million; 2009: \$84.5 million; 2008: \$98.7 million) and general and administration expenses (2010: \$99.6 million; 2009: \$84.6 million; 2008: \$70.3 million). Trademarks of \$2,372.2 million (2009: \$605.1 million; 2008: \$599.1 million) and other intangibles of \$78.0 million (2009: nil; 2008: nil) have indefinite lives and are not amortized.

Refer to note 26 for details of security granted over the Group's intangible assets.

**23.1 Impairment testing for indefinite life intangible assets**

Goodwill, certain trademarks and certain other identifiable intangible assets are the only intangibles with indefinite useful lives and therefore are not subject to amortization. Instead, they are tested for impairment at least annually as well as whenever there is an indication that they may be impaired.

For the purposes of goodwill impairment testing, goodwill is tested at the lowest level within the Group at which goodwill is monitored for internal management purposes. Except for Reynolds Consumer Products, goodwill is monitored at a segment level.

For the purposes of indefinite life intangible asset impairment testing, indefinite life intangible assets are tested at either a CGU level or a group of CGUs. Except for the Reynolds Consumer Products segment, the group of CGUs was the same as a segment.

Prior to the Pactiv Acquisition, the testing for impairment of goodwill and indefinite life intangible assets within the Reynolds Consumer Products segment was performed at "branded" and "store branded" CGUs. The Group is in the process of combining the existing Reynolds Consumer Products operations with the recently acquired Hefty consumer products operations. This process is expected to change the identification of CGUs within the Reynolds Consumer Products segment and also the level at which goodwill is monitored for internal management purposes. As at December 31, 2010, due to the proximity of the acquisition date to year end and the ongoing business integration process, it is not yet possible to finalize the identification of the ongoing Reynolds Consumer Products CGUs. This process will be completed during the year ending December 31, 2011.

Furthermore, as at December 31, 2010 provisional goodwill and indefinite life intangible assets of \$4,444.7 million arising from the Pactiv Acquisition (refer to note 34) have not yet been allocated to the Group's segments. For December 31, 2010 reporting, the recoverability of these assets has been assessed separately.

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The aggregate carrying amounts of goodwill and indefinite life intangible assets allocated to each segment, or CGU, are as follows:

(In \$ million)	As at December 31				
	2010			2009	
	Goodwill	Trademarks	Other	Goodwill	Trademarks
SIG Combibloc	881.1	298.2	-	917.3	270.4
Evergreen	41.0	33.8	-	41.0	33.8
Reynolds Consumer Products - Reynolds Branded	291.6	300.9	-	292.8	300.9
Reynolds Consumer Products - Store Branded	102.0	-	-	102.0	-
Closures	386.3	-	-	376.9	-
Unallocated	2,627.4	1,739.3	78.0	-	-
<b>Total</b>	<b>4,329.4</b>	<b>2,372.2</b>	<b>78.0</b>	<b>1,730.0</b>	<b>605.1</b>

The impairment test for allocated goodwill and indefinite life intangible assets was performed by comparing the estimated fair value less cost to sell to the segment's (or CGU's) carrying value of net assets.

Estimated fair value has been determined using an EBITDA valuation, which is the forecast 2011 EBITDA to be generated by the relevant segment (or CGU) multiplied by an earnings capitalization rate ("earnings multiple"). The values assigned to key assumptions represent management's assessment of future trends in the segment's industry and are based on both external and internal sources. The forecast 2011 EBITDA has been prepared by segment management using certain key assumptions including selling prices, sales volumes and costs of raw materials. Forecast 2011 EBITDA is subject to review by the Group's CODM. Earnings multiples reflect recent sale and purchase transactions in the same industry. The earnings multiples applied for December 31, 2010 ranged between 7.0x and 8.5x. Costs to sell were estimated to be 2% of the fair value of each segment (or CGU).

As at December 31, 2010 there was no impairment in respect of any allocated goodwill or indefinite life intangible assets (2009: nil; 2008: nil). If the forecast 2011 EBITDA or the earnings multiples used in calculating fair value less costs to sell had been 10% lower than those used as at December 31, 2010, no impairment would need to be recognized.

In respect of the unallocated goodwill and identifiable intangible assets not yet allocated to segments or CGUs, the Group has evaluated the recoverability using a combination of qualitative and quantitative factors. These factors include consideration of forecast 2011 EBITDA, expected future cost savings and general economic conditions as at December 31, 2010 compared to factors determined as part of the Pactiv Acquisition. Based on this analysis, there was no impairment in respect of the unallocated goodwill or indefinite life intangible assets. However, a component of the valuation of the assets and liabilities associated with the Pactiv Acquisition was finalized in June 2011, resulting in the recognition of an impairment loss of \$14.9 million of other indefinite life intangible assets (refer to note 2.6).

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**24. Investments in associates and joint ventures equity accounted**

Summary of financial information not adjusted for the percentage ownership held by the Group for associates and joint venture (equity method):

(In \$ million)	Country of Incorporation	Interest held	Reporting date	Current assets	Non-current assets	Total Assets	Current liabilities	Non-current liabilities	Total liabilities	Revenue	Expense	Profit after tax
<b>2010</b>												
SIG Combibloc Obeikan Company Limited	Kingdom of Saudi Arabia	50%	December 31	64.4	30.0	94.4	50.9	10.0	60.9	90.3	(73.9)	16.4
SIG Combibloc Obeikan FZCO	United Arab Emirates	50%	December 31	76.4	37.6	114.0	63.5	3.4	66.9	160.9	(145.3)	15.6
Ducart Evergreen Packaging Ltd ("Ducart")	Israel	50%	November 30	13.4	1.9	15.3	5.0	1.4	6.4	19.3	(17.2)	2.1
Banaw i Evergreen Packaging Company Limited ("Banaw i")	Kingdom of Saudi Arabia	50%	November 30	6.1	5.9	12.0	3.3	0.2	3.5	12.4	(10.5)	1.9
				<b>160.3</b>	<b>75.4</b>	<b>235.7</b>	<b>122.7</b>	<b>15.0</b>	<b>137.7</b>	<b>282.9</b>	<b>(246.9)</b>	<b>36.0</b>
<b>2009</b>												
SIG Combibloc Obeikan Company Limited	Kingdom of Saudi Arabia	50%	December 31	42.8	28.7	71.5	38.8	15.7	54.5	64.9	(59.3)	5.6
SIG Combibloc Obeikan FZCO	United Arab Emirates	50%	December 31	84.2	34.1	118.3	67.5	8.0	75.5	175.4	(162.5)	12.9
Ducart Evergreen Packaging Ltd ("Ducart")	Israel	50%	November 30	12.4	2.4	14.8	5.5	1.9	7.4	19.7	(18.2)	1.5
Banaw i Evergreen Packaging Company Limited ("Banaw i")	Kingdom of Saudi Arabia	50%	November 30	5.9	3.0	8.9	1.6	0.2	1.8	14.7	(12.5)	2.2
Multiplastics (Europe) Limited	United Kingdom	45%	December 31	7.0	0.7	7.7	0.5	-	0.5	12.9	(12.7)	0.2
				<b>152.3</b>	<b>68.9</b>	<b>221.2</b>	<b>113.9</b>	<b>25.8</b>	<b>139.7</b>	<b>287.6</b>	<b>(265.2)</b>	<b>22.4</b>

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For the purpose of applying the equity method of accounting, the financial statements of the Ducart and Banawi operations for the periods ended November 30, 2010 and 2009 have been used with appropriate adjustments being made for the effects of significant transactions and the Group's share of results between these dates and December 31, 2010 and 2009, respectively.

There are currently no restrictions in respect of the transfer of funds to the Group in the form of cash dividends or the repayment of loans associated with its investments in SIG Combibloc Obeikan FZCO, Dubai, United Arab Emirates.

The Ducart and Banawi associates have limitations to the amount of dividends that the associates may declare. Dividends are limited to the associates' accumulated profits after certain local reserve levels have been attained.

Under the restrictions imposed through the Saudi Industrial Development Fund ("SIDF") resulting from the Group's concessional funding loan to SIG Combibloc Obeikan Co. Limited, the maximum dividend or cash distribution able to be paid to the Group from this venture in any fiscal year cannot exceed 25% of the paid-up-capital or SIDF loan value.

**Movements in carrying values of investments in associates and joint ventures (equity method)**

<b>(In \$ million)</b>	<b>As at December 31</b>	
	<b>2010</b>	<b>2009</b>
Balance at the beginning of the period	103.8	92.6
Share of profit, net of income tax	18.1	11.4
Disposal, decrease or dilution in investment in associates	(3.4)	-
Dividends received	(3.9)	(1.4)
Effect of movements in exchange rates	(5.0)	1.2
<b>Balance at the end of the period</b>	<b>109.6</b>	<b>103.8</b>
<b>Amount of goodwill in carrying value of associates and joint ventures (equity method)</b>	<b>55.5</b>	<b>58.9</b>

**25. Trade and other payables**

<b>(In \$ million)</b>	<b>As at December 31</b>	
	<b>2010</b>	<b>2009</b>
Trade payables	714.0	448.2
Related party payables (refer to note 31)	15.4	38.2
Other payables and accrued expenses	517.4	298.0
<b>Total trade and other payables</b>	<b>1,246.8</b>	<b>784.4</b>
Current	1,238.5	756.0
Non-current	8.3	28.4
<b>Total trade and other payables</b>	<b>1,246.8</b>	<b>784.4</b>

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**26. Borrowings**

This note provides information about the contractual terms of the Group's interest and non-interest bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, refer to note 30.

(In \$ million)	Note	As at December 31	
		2010	2009
2009 Credit Agreement <sup>(a)(n)</sup>		135.7	34.8
Other borrowings <sup>(v)</sup>		4.9	3.7
Blue Ridge Facility <sup>(u)</sup>		-	43.1
CHH Facility <sup>(m)(t)</sup>		-	30.0
<b>Current borrowings</b>		<b>140.6</b>	<b>111.6</b>
2009 Credit Agreement <sup>(a)(n)</sup>		3,890.5	1,308.8
October 2010 Senior Secured Notes <sup>(b)(o)</sup>		1,470.2	-
October 2010 Senior Notes <sup>(c)(o)</sup>		1,463.8	-
May 2010 Notes <sup>(d)(p)</sup>		977.6	-
2009 Notes <sup>(e)(q)</sup>		1,647.6	1,687.8
2007 Senior Notes <sup>(f)(r)</sup>		620.7	668.6
2007 Senior Subordinated Notes <sup>(g)(r)</sup>		542.3	584.4
Pactiv 2012 Notes <sup>(h)(s)</sup>		260.9	-
Pactiv 2017 Notes <sup>(i)(s)</sup>		315.9	-
Pactiv 2018 Notes <sup>(j)(s)</sup>		16.4	-
Pactiv 2025 Notes <sup>(k)(s)</sup>		269.5	-
Pactiv 2027 Notes <sup>(l)(s)</sup>		197.0	-
Non-current portion of interest bearing related party borrowings	31	15.5	16.3
Other borrowings <sup>(v)</sup>		26.6	4.9
CHH Facility <sup>(m)(t)</sup>		-	587.3
<b>Non-current borrowings</b>		<b>11,714.5</b>	<b>4,858.1</b>
<b>Total borrowings</b>		<b>11,855.1</b>	<b>4,969.7</b>

(In \$ million)	As at December 31	
	2010	2009
(a) 2009 Credit Agreement (current and non-current)	4,149.8	1,394.2
Transaction costs	(86.0)	(32.5)
Original issue discount	(37.6)	(18.1)
<b>Carrying amount</b>	<b>4,026.2</b>	<b>1,343.6</b>
(b) October 2010 Senior Secured Notes	1,500.0	-
Transaction costs	(38.5)	-
Embedded derivative	8.7	-
<b>Carrying amount</b>	<b>1,470.2</b>	-
(c) October 2010 Senior Notes	1,500.0	-
Transaction costs	(45.8)	-
Embedded derivative	9.6	-
<b>Carrying amount</b>	<b>1,463.8</b>	-
(d) May 2010 Notes	1,000.0	-
Transaction costs	(31.4)	-
Embedded derivative	9.0	-
<b>Carrying amount</b>	<b>977.6</b>	-
(e) 2009 Notes	1,723.3	1,771.8
Transaction costs	(69.3)	(75.6)
Original issue discount	(19.0)	(22.8)
Embedded derivative	12.6	14.4
<b>Carrying amount</b>	<b>1,647.6</b>	<b>1,687.8</b>
(f) 2007 Senior Notes	638.2	689.8
Transaction costs	(17.5)	(21.2)
<b>Carrying amount</b>	<b>620.7</b>	<b>668.6</b>

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(In \$ million)	As at December 31	
	2010	2009
(g) 2007 Senior Subordinated Notes	558.4	603.5
Transaction costs	(16.1)	(19.1)
<b>Carrying amount</b>	<b>542.3</b>	<b>584.4</b>
(h) Pactiv 2012 Notes	249.3	-
Fair value adjustment at acquisition	11.6	-
<b>Carrying amount</b>	<b>260.9</b>	-
(i) Pactiv 2017 Notes	299.7	-
Fair value adjustment at acquisition	16.2	-
<b>Carrying amount</b>	<b>315.9</b>	-
(j) Pactiv 2018 Notes	15.7	-
Fair value adjustment at acquisition	0.7	-
<b>Carrying amount</b>	<b>16.4</b>	-
(k) Pactiv 2025 Notes	276.4	-
Fair value adjustment at acquisition	(6.9)	-
<b>Carrying amount</b>	<b>269.5</b>	-
(l) Pactiv 2027 Notes	200.0	-
Fair value adjustment at acquisition	(3.0)	-
<b>Carrying amount</b>	<b>197.0</b>	-
(m) CHH Facility (current and non-current)	-	619.6
Transaction costs	-	(2.3)
<b>Carrying amount</b>	<b>-</b>	<b>617.3</b>

**(n) 2009 Credit Agreement**

RGHL and certain members of the Group are parties to a senior secured credit agreement dated November 5, 2009, as amended from time to time (the "2009 Credit Agreement") which comprises the following term and revolving tranches:

(In \$ million, except percentages)	Maturity date	Original facility value	Value drawn or utilized at December 31, 2010	Applicable interest rate as at December 31, 2010
<i>Term Tranches</i>				
Tranche A Term Loan (\$)	August 6, 2015	\$500.0	\$500.0	6.25%
Tranche B Term Loan (\$)	May 5, 2016	\$1,035.0	\$1,015.9	6.75%
Tranche C Term Loan (\$)	May 5, 2016	\$800.0	\$790.0	6.25%
Tranche D Term Loan (\$)	May 5, 2016	\$1,520.0	\$1,520.0	6.50%
European Term Loan (€)	November 5, 2015	€250.0	€ 243.6	6.75%
<i>Revolving Tranches <sup>(1)</sup></i>				
\$ Revolving Tranche	November 5, 2014	\$120.0	\$48.8	-
€ Revolving Tranche	November 5, 2014	€80.0	€ 24.0	-

(1) The Revolving Tranches were utilized in the form of bank guarantees and letters of credit.

RGHL and certain members of the Group have guaranteed on a senior basis the obligations under the 2009 Credit Agreement and related documents to the extent permitted by law. The guarantors (other than the entities organized in Australia, Costa Rica, and Japan) have granted security over certain of their assets to support the obligations under the 2009 Credit Agreement. This security is shared on a first priority basis with the note holders under the 2009 Notes (refer to (q) below) and the October 2010 Senior Secured Notes (refer to (o) below).

Indebtedness under the 2009 Credit Agreement may be voluntarily repaid in whole or in part and must be mandatorily repaid in certain circumstances. The borrowers also make quarterly amortization payments in respect of the term loans.

The 2009 Credit Agreement contains customary covenants which restrict RGHL and the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling or acquiring assets and making restricted payments, in each case except as permitted under the 2009 Credit Agreement. RGHL and the Group also have an interest coverage ratio and leverage ratio covenants as well as limitations on capital expenditure. At December 31, 2010 RGHL and the Group were in compliance with all of their covenants. The total assets of the non-guarantor companies (excluding intra-group items but including investments in subsidiaries) are required to be 20% or less of the consolidated total assets of RGHL and its subsidiaries and the aggregate of the EBITDA of the non-guarantor companies is required to be 20% or less of the consolidated EBITDA of RGHL and its subsidiaries, in each case calculated in accordance with the 2009 Credit Agreement which may differ from the measure of Adjusted EBITDA disclosed in note 6.

On February 1, 2011, the Tranche D Term Loan was repaid with the proceeds of the 2011 Notes (refer to note 38). On February 9, 2011 the Tranche A Term Loan, the Tranche B Term Loan, the Tranche C Term Loan and the European Term Loan were repaid with the proceeds of new \$2,325.0 million term loans and EUR 250 million term loans (refer to note 38).

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**(o) October 2010 Notes**

On October 15, 2010, Reynolds Group Issuer LLC, Reynolds Group Issuer Inc. and Reynolds Group Issuer (Luxembourg) S.A., (together the "Reynolds Issuers") issued \$1,500.0 million principal amount of 7.125% senior secured notes due 2019 (the "October 2010 Senior Secured Notes") and \$1,500.0 million principal amount of 9.000% senior notes due 2019 (the "October 2010 Senior Notes" and together with the October 2010 Senior Secured Notes the "October 2010 Notes"). Interest on the October 2010 Notes is paid semi-annually on April 15 and October 15, commencing April 15, 2011. All of the guarantors of the 2009 Credit Agreement have guaranteed or will guarantee the obligations under the October 2010 Notes to the extent permitted by law.

The guarantors (other than the entities organized in Australia, Costa Rica and Japan) have granted or will grant security over certain of their assets to support the obligations under the October 2010 Senior Secured Notes. This security is shared on a first priority basis with the creditors under the 2009 Credit Agreement and the note holders under the 2009 Notes.

The indentures governing the October 2010 Notes contain customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the indentures for the October 2010 Notes.

The Reynolds Issuers, at their option, can elect to redeem the October 2010 Notes under terms and conditions specified in the indentures. The terms of the early redemption constitute an embedded derivative. In accordance with the Group's accounting policy for embedded derivatives, the Group has recognized an embedded derivative in relation to the redemption provisions of the October 2010 Notes.

In certain circumstances which would constitute a change in control, the holders of the October 2010 Notes have the right to require the Reynolds Issuers to repurchase the October 2010 Notes at a premium.

Pursuant to certain registration rights agreements, the Reynolds Issuers have agreed (i) to file with the U.S. Securities and Exchange Commission ("SEC") an exchange offer registration statement pursuant to which the Reynolds Issuers will exchange the October 2010 Notes for a like aggregate principal amount of new registered notes that are identical in all material respects to the October 2010 Notes, except for certain provisions, among others, relating to additional interest and transfer restrictions or (ii) under certain circumstances, to file a shelf registration statement with the SEC with respect to the October 2010 Notes by October 2011. Under certain circumstances if the Reynolds Issuers do not meet their obligations under the registration rights agreements the Reynolds Issuers may be required to pay penalty interest of up to a maximum of 1.00% per annum. If applicable, penalty interest would commence from October 15, 2011.

**(p) May 2010 Notes**

On May 4, 2010, the Reynolds Issuers issued \$1,000.0 million principal amount of 8.5% senior unsecured notes due 2018 (the "May 2010 Notes"). Interest on the May 2010 Notes is paid semi-annually on May 15 and November 15. All of the guarantors of the 2009 Credit Agreement have guaranteed or will guarantee the obligations under the May 2010 Notes to the extent permitted by law.

The indenture governing the May 2010 Notes contains customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the indenture for the May 2010 Notes.

The Reynolds Issuers, at their option, can elect to redeem the May 2010 Notes under terms and conditions specified in the indenture. The terms of the early redemption constitute an embedded derivative. In accordance with the Group's accounting policy for embedded derivatives, the Group has recognized an embedded derivative in relation to the redemption provisions of the May 2010 Notes.

In certain circumstances which would constitute a change in control, the holders of the May 2010 Notes have the right to require the Reynolds Issuers to repurchase the May 2010 Notes at a premium.

Pursuant to a registration rights agreement, the Reynolds Issuers have agreed (i) to file with the SEC an exchange offer registration statement pursuant to which the Reynolds Issuers will exchange the May 2010 Notes for a like aggregate principal amount of new registered notes that are identical in all material respects to the May 2010 Notes, except for certain provisions, among others, relating to additional interest and transfer restrictions or (ii) under certain circumstances, to file a shelf registration statement with the SEC with respect to the May 2010 Notes by May 2011. Under certain circumstances if the Reynolds Issuers do not meet their obligations under the registration rights agreement the Reynolds Issuers may be required to pay penalty interest of up to a maximum of 1.00% per annum. If applicable, penalty interest would commence from May 4, 2011.

**(q) 2009 Notes**

On November 5, 2009, the Reynolds Issuers issued \$1,125.0 million principal amount of 7.75% senior secured notes due 2016 and €450.0 million principal amount of 7.75% senior secured notes due 2016 (collectively, the "2009 Notes"). Interest on the 2009 Notes is paid semi-annually on April 15 and October 15. All of the guarantors of the 2009 Credit Agreement have also guaranteed the obligations under the 2009 Notes to the extent permitted by law. The guarantors (other than the entities organized in Australia, Costa Rica and Japan) have granted security over certain of their assets to support the obligations under the 2009 Notes. This security is shared on a first priority basis with the creditors under the 2009 Credit Agreement and the note holders under the October 2010 Senior Secured Notes.

The indenture governing the 2009 Notes contains customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the indenture for the 2009 Notes.

The Reynolds Issuers, at their option, can elect to redeem the 2009 Notes under terms and conditions specified in the indenture. The terms of the early redemption constitute an embedded derivative. In accordance with the Group's accounting policy for embedded derivatives, the Group has recognized an embedded derivative in relation to the redemption provisions of the 2009 Notes.

In certain circumstances which would constitute a change in control, the holders of the 2009 Notes have the right to require the Reynolds Issuers to repurchase the 2009 Notes at a premium.

Pursuant to a registration rights agreement, the Reynolds Issuers have agreed (i) to file with the SEC an exchange offer registration statement pursuant to which the Reynolds Issuers will exchange the 2009 Notes for a like aggregate principal amount of new registered notes that are identical in all material respects to the 2009 Notes, except for certain provisions, among others, relating to additional interest and transfer restrictions or (ii) under certain circumstances, to file a shelf registration statement with the SEC with respect to the 2009 Notes by November

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2010. The Reynolds Issuers did not file the required registration statement for the 2009 Notes by November 2010 and consequently are required to pay additional penalty interest of up to a maximum of 1.00% per annum on the 2009 Notes beginning November 5, 2010 in accordance with the terms of the 2009 Notes until the 2009 Notes are registered.

**(r) 2007 Notes**

On June 29, 2007, BP II issued €480.0 million principal amount of 8% senior notes due 2016 (the "2007 Senior Notes") and €420.0 million principal amount of 9.5% senior subordinated notes due 2017 (the "2007 Senior Subordinated Notes" and together with the 2007 Senior Notes, the "2007 Notes"). Interest on the 2007 Notes is paid semi-annually on June 15 and December 15. The 2007 Senior Notes are secured on a second-priority basis and the 2007 Senior Subordinated Notes are secured on a third-priority basis, by all of the equity interests of BP I held by RGHL and the receivables under loan of the proceeds of the 2007 Notes made by BP II to BP I. All of the guarantors of the 2009 Credit Agreement have also guaranteed the obligations under the 2007 Notes to the extent permitted by law.

The indentures governing the 2007 Notes contain customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the indentures for the 2007 Notes.

In certain circumstances which would constitute a change in control, the holders of the 2007 Notes have the right to require BP II to repurchase the 2007 Notes at a premium.

**(s) Pactiv Notes**

As of the date of the Pactiv Acquisition, Pactiv had outstanding:

- \$250.0 million in principal amount of 5.875% Notes due 2012 (the "Pactiv 2012 Notes");
- \$299.7 million in principal amount of 8.125% Debentures due 2017 (the "Pactiv 2017 Notes");
- \$250.0 million in principal amount of 6.400% Notes due 2018 (the "Pactiv 2018 Notes");
- \$276.4 million in principal amount of 7.950% Debentures due 2025 (the "Pactiv 2025 Notes"); and
- \$200.0 million in principal amount of 8.375% Debentures due 2027 (the "Pactiv 2027 Notes"),

(together, the "Pactiv Notes").

For each of the Pactiv Notes, interest is paid semi-annually:

- on the Pactiv 2012 Notes and the Pactiv 2018 Notes, January 15 and July 15;
- on the Pactiv 2017 Notes and the Pactiv 2025 Notes, June 15 and December 15; and
- on the Pactiv 2027 Notes, April 15 and October 15.

The indentures governing the Pactiv Notes contain a negative pledge clause limiting Pactiv's ability and the ability of certain of its subsidiaries, subject to certain exceptions, to (i) incur or guarantee debt that is secured by liens on "principal manufacturing properties" (as such term is defined in the indentures governing the Pactiv Notes) or on the capital stock or debt of certain subsidiaries that own or lease any such principal manufacturing property and (ii) sell and then take an immediate lease back of such principal manufacturing property.

The Pactiv 2012 Notes, the Pactiv 2017 Notes, the Pactiv 2018 Notes and the Pactiv 2027 Notes may be redeemed at any time at Pactiv's option, in whole or in part at a redemption price equal to 100% of the principal amount thereof plus any accrued and unpaid interest to the date of the redemption.

On November 16, 2010, \$234.3 million principal amount of the Pactiv 2018 Notes were redeemed pursuant to a tender offer that was made in connection with the Pactiv Acquisition (refer to note 34). On December 7, 2010 \$0.7 million principal amount of the Pactiv 2012 Notes were repurchased pursuant to a change of control offer that was made in connection with the Group's acquisition of Pactiv.

**(t) CHH Facility**

Evergreen Packaging Inc. ("EPI") and Evergreen Packaging Canada Limited ("EPCL") were borrowers under a syndicated multi-option facility agreement dated December 18, 2006 as amended (the "CHH Facility"). EPI and EPCL were released as borrowers on May 3, 2010 in connection with the Group's acquisition of EPI, Evergreen Packaging (Luxembourg) S.à r.l. and their respective subsidiaries (the "Evergreen Group") from Carter Holt Harvey Limited ("CHHL").

The guarantees and security in respect of the CHH Facility that had been granted by certain members of the Evergreen Group were released on May 4, 2010, in connection with the Group's acquisition of the Evergreen Group from CHHL. At December 31, 2009, the outstanding principal indebtedness of EPI and EPCL under the CHH Facility was NZ\$773.6 million (\$561.7 million), \$29.6 million and CA\$29.7 million (\$28.3 million).

**(u) Blue Ridge Facility**

Blue Ridge Paper Products, Inc. ("Blue Ridge") was the borrower under a \$50.0 million revolving credit agreement dated as of December 17, 2003 among Blue Ridge, BRPP, LLC and General Electric Capital Corporation, as agent and lender (the "GE Agreement"). The GE Agreement was repaid in full on May 3, 2010, prior to the Group's acquisition of Blue Ridge from CHHL. As at December 31, 2009, the GE Agreement was drawn in the amount of \$43.1 million.

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**(v) Other borrowings**

In addition to the 2009 Credit Agreement, as amended, the October 2010 Notes, the May 2010 Notes, the 2009 Notes, the 2007 Notes, and the Pactiv Notes, the Group has a number of unsecured working capital facilities extended to certain operating companies of the Group. These facilities bear interest at floating or fixed rates. Other borrowings at December 31, 2010 and December 31, 2009 also included finance lease obligations of \$28.2 million and \$4.8 million, respectively.

At December 31, 2010, the Group had local working capital facilities in a number of jurisdictions which are secured by the collateral under the 2009 Credit Agreement, the 2009 Notes, the October 2010 Senior Secured Notes and certain other assets. The local working capital facilities which are secured by the collateral under the 2009 Credit Agreement, the 2009 Notes and the October 2010 Senior Secured Notes rank pari passu with the obligations under the 2009 Credit Agreement, the 2009 Notes and the October 2010 Senior Secured Notes. At December 31, 2010, the secured facilities were utilized in the amount of \$3.3 million in the form of short-term bank overdrafts, letters of credit and bank guarantees.

**Assets pledged as security for loans and borrowings**

As a result of the pledge of the shares in BP I by RGHL, the carrying values of the assets pledged as collateral under the 2009 Credit Agreement, the 2009 Notes and the October 2010 Senior Secured Notes equates to the assets of the Group.

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Terms and debt repayment schedule

		As at December 31						
(In \$ million)	Currency	2010 Nominal interest rate	2009 Interest rate	Year of maturity	2010 Face value	2010 Carrying amount	2009 Face value	2009 Carrying amount
2009 Credit Agreement- Tranche A	\$	LIBOR w with a floor of 1.75% + 4.50%	-	2015	500.0	485.0	-	-
2009 Credit Agreement- Tranche B	\$	LIBOR w with a floor of 2.00% + 4.75%	6.25%	2016	1,015.9	980.0	1,034.9	990.1
2009 Credit Agreement- Tranche C	\$	LIBOR w with a floor of 1.50% + 4.75%	-	2016	790.0	767.0	-	-
2009 Credit Agreement- Tranche D	\$	LIBOR w with a floor of 1.75% + 4.75%	-	2016	1,520.0	1,474.4	-	-
2009 Credit Agreement- European Term Loan	€	EURIBOR w with a floor of 2.00% + 4.75%	6.25%	2015	323.9	319.8	359.3	353.5
October 2010 Senior Secured Notes	\$	7.125%	-	2019	1,500.0	1,470.2	-	-
October 2010 Senior Notes	\$	9.00%	-	2019	1,500.0	1,463.8	-	-
May 2010 Notes	\$	8.50%	-	2018	1,000.0	977.6	-	-
2009 Notes	€	7.75%	7.75%	2016	598.3	584.7	646.6	630.1
2009 Notes	\$	7.75%	7.75%	2016	1,125.0	1,062.9	1,125.2	1,057.7
2007 Senior Notes	€	8.00%	8.00%	2016	638.2	620.7	689.8	668.6
2007 Senior Subordinated Notes	€	9.50%	9.50%	2017	558.4	542.3	603.5	584.4
Pactiv 2012 Notes	\$	5.875%	-	2012	249.3	260.9	-	-
Pactiv 2017 Notes	\$	8.125%	-	2017	299.7	315.9	-	-
Pactiv 2018 Notes	\$	6.40%	-	2018	15.7	16.4	-	-
Pactiv 2025 Notes	\$	7.95%	-	2025	276.4	269.5	-	-
Pactiv 2027 Notes	\$	8.375%	-	2027	200.0	197.0	-	-
CHH Facility, tranche C	NZ\$	BKBM + 1.25% + 1.75%	3.57% - 3.82%	2012	-	-	124.6	124.1
CHH Facility, tranche D	NZ\$	BKBM + 1.25% + 1.75%	3.57% - 3.82%	2012	-	-	404.7	403.4
CHH Facility, tranche E (Revolver)	NZ\$	BKBM + 1.25% + 1.75%	3.57% - 3.82%	2012	-	-	32.4	32.3
CHH Facility, tranche D (Canada)	CA\$	CA\$ LIBOR + 1.75%	1.38%	2012	-	-	28.3	28.0
CHH Facility, tranche E (Revolver)	\$	US\$ LIBOR + 1.125%	1.37%	2012	-	-	29.6	29.5
Blue Ridge Facility	\$	Refer to (u) above	3.50%	2012	-	-	43.1	43.1
Related party borrowings	€	EURIBOR + 2.38%	3.13% - 5.22%	n/a	15.5	15.5	16.3	16.3
Finance lease liabilities	€	Various	Various	Various	2.0	2.0	1.8	1.8
Finance lease liabilities	\$	Various	Various	Various	29.1	29.1	5.4	5.4
Finance lease liabilities	JPY	Various	Various	Various	0.4	0.4	0.4	0.4
Other borrowings	CNY	Various	Various	Various	-	-	1.0	1.0
					<b>12,157.8</b>	<b>11,855.1</b>	<b>5,146.9</b>	<b>4,969.7</b>

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Finance lease liabilities

Finance lease liabilities are payable as follows:

<b>(In \$ million)</b>	<b>As at December 31, 2010</b>			<b>As at December 31, 2009</b>		
	<b>Minimum lease payments</b>	<b>Interest</b>	<b>Principal</b>	<b>Minimum lease payments</b>	<b>Interest</b>	<b>Principal</b>
Less than one year	5.1	1.9	3.2	2.0	0.2	1.8
Between one and five years	12.9	6.0	6.9	3.2	0.2	3.0
More than five years	25.9	7.8	18.1	-	-	-
<b>Total finance lease liabilities</b>	<b>43.9</b>	<b>15.7</b>	<b>28.2</b>	<b>5.2</b>	<b>0.4</b>	<b>4.8</b>

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**27. Employee benefits**

<b>(In \$ million)</b>	<b>As at December 31</b>	
	<b>2010</b>	<b>2009</b>
Salary and wages accrued	133.7	92.0
Provision for annual leave	32.4	25.5
Provision for employee benefits	5.1	3.2
Provision for long service leave	5.1	5.3
Provision for sick leave	4.6	4.7
Defined contribution obligation	31.1	20.1
Defined benefit obligations:		
Pension benefits	785.5	130.4
Post-employment medical benefits	168.7	95.5
<b>Total employee benefits</b>	<b>1,166.2</b>	<b>376.7</b>
Current	194.7	135.4
Non-current	971.5	241.3
<b>Total employee benefits</b>	<b>1,166.2</b>	<b>376.7</b>

**27.1 Pension benefits**

The Group makes contributions to defined benefit pension plans which define the level of pension benefit an employee will receive on retirement. The Group operates defined benefit pension plans in Austria, Canada, Germany, Japan, Switzerland, Taiwan, Thailand and the United States. The Group's most significant plan at December 31, 2010 is the Pactiv Retirement Plan, which comprises 85% of the Group's present value of obligations. The liability was assumed as part of the Pactiv Acquisition. The Group's most significant plan in 2009 was the SIG Combibloc Group AG Plan in Switzerland, which comprised 82% of the Group's present value of obligations as at December 31, 2009. The Group's recognition of the plan assets in relation to the Swiss plan is subject to capping.

<b>(In \$ million)</b>	<b>As at December 31</b>	
	<b>2010</b>	<b>2009</b>
Present value of unfunded obligations	228.6	175.5
Present value of funded obligations	4,707.7	542.4
Unrecognized actuarial gains (losses)	128.6	(24.6)
Total present value of obligations	5,064.9	693.3
Fair value of plan assets	(4,433.2)	(736.0)
Asset capping according to IAS 19, paragraph 58	135.4	159.9
<b>Total pension benefits</b>	<b>767.1</b>	<b>117.2</b>
Included in the statement of financial position as:		
Employee benefits	785.5	130.4
Other non-current assets and non-current receivables	(18.4)	(13.2)
<b>Total pension benefits</b>	<b>767.1</b>	<b>117.2</b>

**Movement in the defined benefit obligation**

<b>(In \$ million)</b>	<b>For the period ended December 31</b>	
	<b>2010</b>	<b>2009</b>
Liability for defined benefit obligations at the beginning of the period	717.9	693.7
Defined benefit obligations assumed in a business combination	4,266.9	-
Current service cost	15.5	15.2
Past service cost	10.9	10.0
Interest cost	55.0	29.0
Contributions by plan participants	-	0.1
Benefits paid by the plan	(91.7)	(54.1)
Curtailments <sup>(a)</sup>	-	4.6
Settlements <sup>(b)</sup>	(39.0)	(1.7)
Actuarial (gains) losses recognized	(40.3)	6.4
Changes in actuarial assumptions	1.5	0.8
Reclassifications (from) to employee benefits	(1.8)	1.0
Effect of movements in exchange rates	41.4	12.9
<b>Liability for defined benefit obligations at the end of the period</b>	<b>4,936.3</b>	<b>717.9</b>

Of the above liability for the defined benefit obligation of \$4,936.3 million, the Pactiv Retirement Plan related liability was \$4,150.0 million at December 31, 2010.

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(a) Special termination benefits of \$7.4 million associated with the closure of a plant were provided for within the restructuring provision in 2008 and expensed in restructuring costs (classified in other expenses). The restructuring was completed in 2009 and the component of the restructuring provision relating to curtailments was transferred to the defined benefit obligations provision.

(b) Plan settlements were triggered from the change in control payments made as a result of the Pactiv Acquisition (refer to note 34). Certain settlements made in the period ended December 31, 2010 were not funded by plan assets.

**Expense recognized in the statements of comprehensive income**

<b>(In \$ million)</b>	<b>For the period ended December 31</b>	
	<b>2010</b>	<b>2009</b>
Current service cost	15.5	15.2
Past service cost	10.9	10.0
Interest cost	55.0	29.0
Expected return on plan assets	(66.9)	(29.2)
Curtailments	-	(2.8)
Asset capping according to IAS 19, paragraph 58	(36.9)	49.5
Changes in actuarial assumptions	-	0.8
Employee contributions	(1.7)	(1.4)
Actuarial (gains) losses recognized	33.5	(44.9)
Other	0.5	-
<b>Total plan net expense</b>	<b>9.9</b>	<b>26.2</b>

The above plan net expense of \$9.9 million includes Pactiv Retirement Plan related net pension income of \$5.2 million for the period from November 16, 2010 to December 31, 2010.

The expense is recognized in the following line items in the statements of comprehensive income:

<b>(In \$ million)</b>	<b>For the period ended December 31</b>	
	<b>2010</b>	<b>2009</b>
Cost of sales	13.0	17.9
Selling, marketing and distribution expenses	0.2	0.3
General and administration expenses	(3.3)	8.0
<b>Total plan expense</b>	<b>9.9</b>	<b>26.2</b>

**Movement in plan assets**

<b>(In \$ million)</b>	<b>For the period ended December 31</b>	
	<b>2010</b>	<b>2009</b>
Fair value of plan assets at the beginning of the period	736.0	664.7
Plan assets acquired in a business combination	3,545.7	-
Contributions by the Group	62.5	18.7
Contributions by the plan participants	1.7	1.5
Benefits paid by the plan	(86.7)	(48.3)
Actual return on plan assets	148.0	86.3
Settlements	(39.0)	(1.7)
Effects of movements in exchange rates	63.4	14.8
Transfer of assets to the plan	1.6	-
<b>Fair value of plan assets at the end of the period</b>	<b>4,433.2</b>	<b>736.0</b>

The above plan assets as at December 31, 2010 include \$3,639.2 million of the Pactiv Retirement Plan. In addition to the above plan assets, the Group is required to hold assets as collateral against certain unfunded defined benefit obligations assumed as part of the Pactiv Acquisition. As at December 31, 2010, \$28.1 million in cash, which is included in other non-current assets in the statements of financial position, was held as collateral against these obligations.

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Plan assets consist of the following:

(In \$ million)	As at December 31	
	2010	2009
Equity instruments	2,857.9	177.1
Debt instruments	1,303.9	334.5
Property	207.0	191.3
Cash and cash equivalents	60.5	31.9
Other	3.9	1.2
<b>Total plan assets</b>	<b>4,433.2</b>	<b>736.0</b>

The Group expects to contribute \$18.7 million to the pension plans during the annual period beginning after the reporting date.

The actual return on plan assets was 0.9% to 30.0% (2009: 3.7% to 15.5%).

(In \$ million)	Actual return on plan assets for the period ended December 31		Expected return on plan assets for the period ended December 31	
	2010	2009	2010	2009
Equity instruments	124.0	35.4	40.0	8.0
Debt instruments	15.7	17.4	15.3	11.2
Property	8.2	32.3	11.4	9.9
Cash and cash equivalents	-	0.1	0.1	0.1
Other	0.1	0.1	0.1	-

**Actuarial assumptions – all plans**

	For the period ended December 31	
	2010	2009
Discount rates at December 31	1.8% - 6.0%	2.0% - 6.1%
Expected returns on plan assets at January 1	1.5% - 8.0%	0.0% - 8.0%
Future salary increases	0.0% - 4.0%	1.8% - 4.0%
Future pension increases	0.0% - 2.0%	0.0% - 2.0%

The overall expected long-term rate of return on assets is 1.5% to 8.0%. The expected long-term rate of return for each plan is based on the portfolio as a whole and not on the sum of the returns on the individual asset categories. The return is based exclusively on historical returns, without adjustments.

The actuarial assumptions on the Group's most significant defined benefit pension plan for the period ended December 31, 2010, being the Pactiv Retirement Plan, are as follows:

	For the period ended December 31	
	2010	
Discount rate at December 31	5.2%	
Expected return on plan assets at January 1	7.8%	
Future salary increases	3.0% - 5.0%	
Future pension increases	-	

The actuarial assumptions on the Group's most significant defined benefit pension plan prior to the Pactiv Acquisition, being the SIG Combibloc Group AG plan, are as follows:

	For the period ended December 31	
	2010	2009
Discount rate at December 31	3.3%	3.5%
Expected return on plan assets at January 1	4.2%	4.3%
Future salary increases	2.5%	2.0%
Future pension increases	2.0%	1.0%

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**Historical information**

(In \$ million)	For the period ended December 31				
	2010	2009	2008	2007	2006
Liability for the defined benefit obligations	(4,936.3)	(717.9)	(693.7)	(621.2)	-
Fair value of plan assets	4,433.2	736.0	664.7	674.2	-
<b>Plan (deficit) surplus</b>	<b>(503.1)</b>	<b>18.1</b>	<b>(29.0)</b>	<b>53.0</b>	-
Experience adjustments arising on plan liabilities	(3.0)	(3.9)	0.6	-	-
Experience adjustments arising on plan assets	14.1	(45.5)	8.9	-	-

There is no comparable information for the period ended December 31, 2006 as the Group did not have any pension plans during this period.

**27.2 Post-employment medical benefits**

The Group operates post-employment medical benefit plans in the United States. The method of accounting, assumptions and the frequency of valuations are similar to those used for defined benefit pension plans.

The main actuarial assumption is the published mortality rates within the RP2000 combined mortality rate table for 2010 and 2009.

(In \$ million)	As at December 31	
	2010	2009
Present value of unfunded obligations	158.2	86.9
Unrecognized actuarial gains (losses)	2.7	(1.4)
Unrecognized past service costs	7.8	10.0
Total present value of obligations	168.7	95.5
Fair value of plan assets	-	-
<b>Total post-employment medical benefits</b>	<b>168.7</b>	<b>95.5</b>

**Movement in the defined benefit obligation**

(In \$ million)	For the period ended December 31	
	2010	2009
Liability for defined benefit obligations at the beginning of the period	86.9	86.0
Defined benefit obligations assumed in a business combination	70.4	-
Current service cost	2.1	2.7
Past service cost	0.2	-
Interest cost	5.3	4.8
Contributions by plan participants	0.7	0.3
Benefits paid by the plan	(2.8)	(1.7)
Plan amendments <sup>(a)</sup>	(0.6)	(11.5)
Curtailments <sup>(b)</sup>	-	5.3
Actuarial (gains) losses recognized	(4.4)	1.0
Other	0.4	-
<b>Liability for defined benefit obligations at the end of the period</b>	<b>158.2</b>	<b>86.9</b>

(a) During 2010, the Evergreen segment replaced post-65 AARP coverage with an HRA which resulted in a plan amendment credit of \$0.6 million. During 2009, the Evergreen segment renegotiated its labor bargaining agreements, which affected certain employees and their entitlements under the Evergreen post-employment medical plan. Under this new agreement certain employees have been excluded from participating in the plan and have been transferred from the post-employment medical plan to a defined contribution plan. This change resulted in an \$11.5 million decrease in the post-employment medical obligation and generated \$10.0 million in unrecognized past service costs as at December 31, 2009.

(b) Special termination benefits of \$5.0 million associated with the closure of a plant were provided for within the restructuring provision in 2008, and expensed in restructuring costs (classified in other expenses). The restructuring was completed in 2009 and the component of the restructuring provision relating to curtailments was transferred to the defined benefit obligations provision.

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**Expense recognized in the statements of comprehensive income**

<b>(In \$ million)</b>	<b>For the period ended December 31</b>	
	<b>2010</b>	<b>2009</b>
Current service cost	2.1	2.7
Interest cost	5.3	4.8
Past service cost	(2.1)	(1.5)
Curtailments	-	5.3
Actuarial (gains) losses recognized	-	1.1
Plan amendments	(0.6)	-
<b>Total expense recognized in the statements of comprehensive income</b>	<b>4.7</b>	<b>12.4</b>

The expense is recognized in the following line items in the statements of comprehensive income:

<b>(In \$ million)</b>	<b>For the period ended December 31</b>	
	<b>2010</b>	<b>2009</b>
Cost of sales	4.3	7.4
Selling, marketing and distribution expenses	0.4	-
General and administration expenses	-	5.0
<b>Total plan expense</b>	<b>4.7</b>	<b>12.4</b>

Assumed healthcare cost trend rates have a significant effect on the amounts recognized in the statement of comprehensive income. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

<b>(In \$ million)</b>	<b>One percentage point increase</b>	<b>One percentage point decrease</b>
Effect on the aggregated service and interest cost	0.1	(1.0)
Effect on the defined benefit obligation	3.1	(2.8)

Mortality rates have a significant effect on the amounts recognized in the statement of comprehensive income. A one percentage point change in mortality rates would have the following effects:

<b>(In \$ million)</b>	<b>One percentage point increase</b>	<b>One percentage point decrease</b>
Effect on the aggregated service and interest cost	(0.8)	0.5
Effect on the defined benefit obligation	(7.7)	5.7

**Historical information**

<b>(In \$ million)</b>	<b>For the period ended December 31</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Present value of the defined benefit obligation</b>	<b>158.2</b>	<b>86.9</b>	<b>86.0</b>	<b>24.7</b>	<b>-</b>
Experience adjustments arising on plan liabilities	5.1	0.3	(1.4)	-	-
Experience adjustments arising on plan assets	-	-	0.1	-	-

Historical information for the post-employment medical benefit plans is not available for periods prior to 2007 as the earliest ownership of a plan did not occur until January 31, 2007.

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**28. Provisions**

<b>(In \$ million)</b>	<b>Legal &amp; warranty</b>	<b>Restructuring</b>	<b>Workers' compensation</b>	<b>Other</b>	<b>Total</b>
Balance at December 31, 2009	52.3	49.0	9.0	10.7	121.0
Acquisitions through business combinations	0.2	3.0	25.5	48.7	77.4
Provisions made	17.4	2.9	4.6	4.3	29.2
Provisions used	(11.2)	(29.7)	(4.5)	(1.5)	(46.9)
Provisions reversed	(6.2)	(6.5)	-	-	(12.7)
Transfer to other liabilities	(0.7)	(0.3)	(0.2)	-	(1.2)
Effect of movements in exchange rates	(2.2)	(1.2)	0.4	0.2	(2.8)
<b>Balance at December 31, 2010</b>	<b>49.6</b>	<b>17.2</b>	<b>34.8</b>	<b>62.4</b>	<b>164.0</b>
Current	26.1	17.2	17.2	12.1	72.6
Non-current	23.5	-	17.6	50.3	91.4
<b>Total provisions at December 31, 2010</b>	<b>49.6</b>	<b>17.2</b>	<b>34.8</b>	<b>62.4</b>	<b>164.0</b>
Current	23.9	43.4	8.9	4.7	80.9
Non-current	28.4	5.6	0.1	6.0	40.1
<b>Total provisions at December 31, 2009</b>	<b>52.3</b>	<b>49.0</b>	<b>9.0</b>	<b>10.7</b>	<b>121.0</b>

**Legal & warranty**

The Group is subject to litigation in the ordinary course of operations. Provisions for legal claims are recognized when estimated costs associated with settling current legal proceedings are considered probable. Provisions may include estimated legal and other fees associated with settling these claims. A provision for warranty is recognized for all products under warranty at the reporting date based on sales volumes and past experience of the level of reports and returns.

**Restructuring**

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been publicly announced. Business closure and rationalization provisions can include such items as employee severance or termination pay, site closure costs and onerous leases. Future operating costs are not provided for.

**Workers' compensation**

The Group has elected to self-insure certain of its workers' compensation obligations in the United States.

Under the self-insurance programs in the United States, the Group retains the risk of work related injuries for any employees covered under the scheme.

The liability in respect of the self-insurance programs is estimated on an actuarial basis to reflect all claims incurred, including reported claims and those that are incurred but not yet reported. All changes in the liability for claims are recognized immediately in the statement of comprehensive income.

As a result of the Group's self-insured status in the United States, the risk presently exists that an insurable event may occur which will result in a claim which cannot be readily quantified financially. By their very nature, risks of this type are inherently random and therefore unpredictable. The Group mitigates this risk by having established and approved occupational health and safety procedures in addition to resources directed to the management of claims and rehabilitation.

As a component of its self-insured status the Group also maintains insurance coverage through third parties for large claims at levels that are customary and consistent with industry standards for groups of similar size.

**Other provisions**

The main components of other provisions are lease provisions and contingent liabilities arising on acquisitions, brokerage provision for customs duties, environmental remediation, and rent contracts related to investment properties.

**29. Equity and reserves**

**29.1 Share capital**

The reported share capital balance as at December 31, 2010 is that of BP I and BP II.

In accordance with the Group's accounting policy in respect of common control transactions (refer to note 3.2(d)), financial information presented in these financial statements has been recast to include the balances of the combined entities as though the common control transactions occurred on the date that common control originally commenced rather than the date that the common control transactions actually occurred. As a result the reported share capital balance as at December 31, 2009 is that of BP I, BP II, EPI, Evergreen Packaging International B.V. ("EPIBV"), Reynolds Packaging Inc. ("RPI"), and Reynolds Packaging International B.V. ("RPIBV").

On September 1, 2010 the issued capital of RPI and RPIBV was acquired by entities controlled by the Group. From this date, each of RPI and RPIBV as well as their respective controlled entities are consolidated by the Group.

On May 4, 2010 the issued capital of EPI and EPIBV was acquired by entities controlled by the Group. From this date, each of EPI and EPIBV as well as their respective controlled entities are consolidated by the Group.

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On November 5, 2009 the issued capital of Reynolds Consumer Products Holdings Inc. ("RCPHI"), Reynolds Consumer Products International B.V. ("RCPIBV") and Closure Systems International B.V. ("CSIBV") was acquired by entities controlled by the Group. From this date, each of RCPHI, RCPIBV and CSIBV as well as their respective controlled entities are consolidated by the Group.

Further information regarding the issued capital of each of the entities is detailed below:

**Beverage Packaging Holdings (Luxembourg) I S.A.**

<b>Number of shares</b>	<b>For the period ended December 31,</b>	
	<b>2010</b>	<b>2009</b>
Balance at the beginning of the period	13,063,527	13,063,527
Issue of shares	1	-
<b>Balance at December 31</b>	<b>13,063,528</b>	<b>13,063,527</b>

On November 16, 2010, RGHL (the sole shareholder) contributed \$322.0 million.

On November 6, 2009, RGHL contributed \$544.0 million.

The holder of the shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to BP I's residual assets in the event of a wind-up.

**Beverage Packaging Holdings (Luxembourg) II S.A.**

<b>Number of shares</b>	<b>As at December 31</b>	
	<b>2010</b>	<b>2009</b>
Balance at the beginning of the period	1,000	1,000
Issue of shares	-	-
<b>Balance at December 31</b>	<b>1,000</b>	<b>1,000</b>

The holder of the shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to BP II's residual assets in the event of a wind-up.

**Evergreen Packaging Inc.**

On January 1, 2009, and December 31, 2009, EPI had 1,000 shares on issue. On May 4, 2010 (the date of acquisition by the Group) EPI had 1,640 shares on issue.

On May 3, 2010, EPI issued to Evergreen Packaging US, its parent company at the time of issue, 640 fully paid shares of common stock at an issue price of \$0.01 per share and received a capital contribution of \$624.6 million.

On January 7, 2009, EPI received \$12.0 million in consideration for 405 shares that were issued during the period ended December 31, 2008.

The holder of the issued shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to EPI's residual assets in the event of a wind-up.

**Evergreen Packaging International B.V.**

On January 1, 2009, December 31, 2009 and May 4, 2010 (the date of acquisition by the Group) EPIBV had 186 shares on issue.

On February 19, 2009, EPIBV's parent company at the time, Evergreen Packaging (Antilles) N.V., contributed €47.4 million (\$60.7 million) as a non-stipulated share premium without the issuance of shares.

The holder of the issued shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to EPIBV's residual assets in the event of a wind-up.

**Reynolds Consumer Products Holdings Inc.**

On January 1, 2009 and November 5, 2009 (the date of acquisition by the Group) RCPHI had 2,000 shares on issue.

During the period ended December 31, 2009 additional capital was contributed by way of assignment of loans by Reynolds Consumer Products (NZ) Limited ("RCPNZ") as:

- (a) \$58.7 million in exchange for assignment of a loan owing to RCPNZ from Reynolds Foil Inc.;
- (b) \$121.0 million in payment of a loan owing to RCPNZ;
- (c) \$34.4 million in exchange for assignment of a loan owing to RCPNZ from Reynolds Foil Inc.; and
- (d) \$26.9 million in payment of a loan owing to RCPNZ.

There were no new shares issued as a result of the above additional capital contributions.

The holder of shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to RCPHI's residual assets in the event of a wind-up.

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**Reynolds Consumer Products International B.V.**

On January 1, 2009 RCPIBV had 180 shares on issue. On November 5, 2009 (the date of acquisition by the Group) RCPIBV had 181 shares on issue.

On November 3, 2009 RCPIBV issued 1 ordinary share for €100 per share to RCPNZ, its parent company at the time of issue, which contributed €15.0 million (\$22.2 million) as a non-stipulated share premium to RCPIBV.

The holder of shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to RCPIBV's residual assets in the event of a wind-up.

**Closure Systems International B.V.**

On January 1, 2009 and November 5, 2009 (the date of acquisition by the Group) CSIBV had 180 shares on issue.

The holder of shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to CSIBV's residual assets in the event of a wind-up.

**Reynolds Packaging International B.V.**

On January 1, 2009, December 31, 2009 and September 1, 2010 (the date of acquisition by the Group) RPIBV had 180 shares on issue.

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All ordinary shares rank equally with regard to RPIBV's residual assets in the event of a wind-up.

**Reynolds Packaging Inc.**

On January 1, 2009, December 31, 2009 and September 1, 2010 (the date of acquisition by the Group) RPI had 2,000 shares on issue.

The holder of common shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to RPI's residual assets in the event of a wind-up.

**29.2 Reserves**

(In \$ million)	As at December 31		
	2010	2009	2008
Translation reserve	330.1	53.1	(18.3)
Hedging reserve	-	-	(11.5)
Other reserves	(1,560.9)	(513.3)	71.1
<b>Balance</b>	<b>(1,230.8)</b>	<b>(460.2)</b>	<b>41.3</b>

**(a) Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations from their functional currencies to the Group's presentation currency.

**(b) Hedging reserve**

The hedging reserve comprised the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that had not yet occurred. On November 5, 2009, the 2007 SIG Senior Credit Facilities were repaid in full and as a result, the interest rate hedges became ineffective. In accordance with IAS 39, the cumulative hedge reserve balance at November 5, 2009 was transferred to the profit and loss section of the statement of comprehensive income.

**(c) Other reserves**

The other reserves comprise balances resulting from transactions with entities under common control.

In accordance with the Group's accounting policy for transactions under common control (refer to note 3.2(d)), the Group has recognized in other reserves the difference between the total consideration paid for the businesses acquired and the book value of the issued capital of the parent companies acquired for the transactions which occurred on November 5, 2009, May 4, 2010 and September 1, 2010.

The Group has also recognized in other reserves the net contributions from related parties in respect of the acquisition from Alcoa of the packaging and consumer divisions (the "P & C divisions").

**29.3 Dividends**

There were no dividends declared or paid during the period ended December 31, 2010 (2009: nil; 2008: nil) by BP I or BP II.

On August 31, 2010 RPI paid a dividend of \$39.0 million, of which \$37.6 million was paid in cash and \$1.4 million was settled through reductions in related party balances payable, to its shareholder at the time, Reynolds Packaging (NZ) Limited, in advance of the acquisition of the Reynolds foodservice packaging business by the Group on September 1, 2010.

**29.4 Capital management**

The Directors are responsible for monitoring and managing the Group's capital structure.

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The Directors' policy is to maintain an acceptable capital base to promote the confidence of the Group's financiers and creditors and to sustain the future development of the business. The Directors monitor the Group's financial position to ensure that it complies at all times with its financial and other covenants as set out in its financing arrangements.

In order to maintain or adjust the capital structure, the Directors may elect to take a number of measures, including for example to dispose of assets or operating segments of the business, alter its short to medium term plans in respect of capital projects and working capital levels, or to re-balance the level of equity and external debt in place.

Capital is comprised of equity and external borrowings.

**30. Financial risk management**

**30.1 Overview**

This note presents information about the Group's exposure to market risk, credit risk and liquidity risk, and where applicable, the Group's objectives, policies and procedures for managing these risks.

Exposure to market, credit and liquidity risks arises in the normal course of the Group's business. The Directors of the Group and the ultimate parent entity have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Directors have established a treasury policy that identifies risks faced by the Group and sets out policies and procedures to mitigate those risks. Risk management is primarily carried out by the treasury function of the Group. The Directors have delegated authority levels and authorized the use of various financial instruments to a restricted number of personnel within the treasury function.

Monthly combined treasury reports are prepared for the Directors and officers of the Group, who ensure compliance with the risk management policies and procedures.

**30.2 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices, will affect the Group's cash flows or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Group buys and sells derivatives in the ordinary course of business to manage market risks. The Group does not enter into derivative contracts for speculative purposes.

**(a) Foreign exchange risk**

As a result of the Group's international operations foreign exchange risk exposures exist on sales, purchases, financial assets and borrowings that are denominated in foreign currencies (i.e. currencies other than \$). The currencies in which these transactions primarily are denominated are Euro ("€"), Swiss Francs ("CHF"), Thai Baht ("THB"), Chinese Yuan Renminbi ("CNY"), Brazilian Real ("BRL"), British Pound ("GBP"), Japanese Yen ("JPY"), Mexican Pesos ("MXN"), New Zealand Dollars ("NZ\$") and Canadian Dollars ("CA\$").

In accordance with the Group's treasury policy, the Group takes advantage of natural offsets to the extent possible. Therefore, when commercially feasible, the Group borrows in the same currencies in which cash flows from operations are generated. Generally the Group does not use forward exchange contracts to hedge residual foreign exchange risk arising from customary receipts and payments denominated in foreign currencies. However, when considered appropriate the Group may enter into forward exchange contracts to hedge foreign exchange risk arising from specific transactions.

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Exposure to foreign exchange risk

(In \$ million)	€	CHF	THB	CNY	BRL	GBP	JPY	MXN	NZ\$	CA\$
<b>December 31, 2010</b>										
Cash and cash equivalents	81.4	4.8	8.2	32.4	6.5	6.9	16.8	8.5	-	13.8
Trade and other receivables	119.7	6.5	16.0	62.8	41.1	14.0	32.8	47.4	5.6	13.4
Non-current receivables	23.6	15.1	0.5	1.7	3.6	-	-	-	-	-
Trade and other payables	(150.3)	(14.3)	(16.4)	(50.5)	(21.7)	(10.2)	(61.5)	(15.7)	(0.6)	(2.5)
Current tax asset (liability)	(29.0)	(0.6)	(6.5)	(3.8)	(0.1)	(0.5)	(7.4)	2.9	-	(0.8)
Loans and borrowings:										
2009 Credit Agreement	(319.8)	-	-	-	-	-	-	-	-	-
2009 Notes	(584.7)	-	-	-	-	-	-	-	-	-
2007 Senior Notes	(620.7)	-	-	-	-	-	-	-	-	-
2007 Senior Subordinated Notes	(542.3)	-	-	-	-	-	-	-	-	-
Other borrowings	(2.0)	-	-	-	-	-	(0.4)	-	-	-
Related party borrowings	(15.5)	-	-	-	-	-	-	-	-	-
<b>Total exposure</b>	<b>(2,039.6)</b>	<b>11.5</b>	<b>1.8</b>	<b>42.6</b>	<b>29.4</b>	<b>10.2</b>	<b>(19.7)</b>	<b>43.1</b>	<b>5.0</b>	<b>23.9</b>
Embedded derivative	16.0	-	-	-	-	-	-	-	-	-
Commodity derivatives	-	-	-	-	-	-	1.2	-	(0.2)	-
<b>Effect of derivative contracts</b>	<b>16.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.2</b>	<b>-</b>	<b>(0.2)</b>	<b>-</b>
<b>Net exposure</b>	<b>(2,023.6)</b>	<b>11.5</b>	<b>1.8</b>	<b>42.6</b>	<b>29.4</b>	<b>10.2</b>	<b>(18.5)</b>	<b>43.1</b>	<b>4.8</b>	<b>23.9</b>

(In \$ million)	€	CHF	THB	CNY	BRL	GBP	JPY	MXN	NZ\$	CA\$
<b>December 31, 2009</b>										
Cash and cash equivalents	90.1	17.5	10.8	41.9	8.3	12.6	7.9	6.3	-	10.0
Trade and other receivables	143.9	14.5	0.1	37.1	38.2	13.3	25.4	13.8	-	8.2
Non-current receivables	10.3	11.8	0.1	2.8	5.3	-	-	-	-	-
Trade and other payables	(121.1)	(14.1)	(14.5)	(59.7)	(16.1)	(9.4)	(41.7)	(16.1)	(27.1)	(5.0)
Current tax asset (liability)	(35.3)	(7.9)	(1.7)	(1.0)	6.0	-	(1.1)	1.1	24.7	(0.5)
Loans and borrowings:										
2009 Credit Agreement	(355.1)	-	-	-	-	-	-	-	-	-
2009 Notes	(630.1)	-	-	-	-	-	-	-	-	-
2007 Senior Notes	(668.6)	-	-	-	-	-	-	-	-	-
2007 Senior Subordinated Notes	(584.4)	-	-	-	-	-	-	-	-	-
CHH Facility	-	-	-	-	-	-	-	-	(559.8)	(28.0)
Other borrowings	-	-	-	(1.0)	-	-	(0.4)	-	-	-
Related party borrowings	(16.3)	-	-	-	-	-	-	-	-	-
<b>Total exposure</b>	<b>(2,166.6)</b>	<b>21.8</b>	<b>(5.2)</b>	<b>20.1</b>	<b>41.7</b>	<b>16.5</b>	<b>(9.9)</b>	<b>5.1</b>	<b>(562.2)</b>	<b>(15.3)</b>
Embedded derivative	2.9	-	-	-	-	-	-	-	-	-
Interest rate swaps	(10.8)	-	-	-	-	-	-	-	-	-
<b>Effect of derivative contracts</b>	<b>(7.9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net exposure</b>	<b>(2,174.5)</b>	<b>21.8</b>	<b>(5.2)</b>	<b>20.1</b>	<b>41.7</b>	<b>16.5</b>	<b>(9.9)</b>	<b>5.1</b>	<b>(562.2)</b>	<b>(15.3)</b>

Cash flows associated with derivatives are expected to occur and impact the profit and loss component of the statement of comprehensive income in the next 12 months.

In addition to the above, the Group is exposed to foreign exchange risk on future sales and purchases that are denominated in foreign currencies.

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**Significant exchange rates**

The following significant exchange rates applied during the period:

	<b>Average rate for the period ended</b>		<b>As at December 31</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
1 €	1.33	1.39	1.33	1.44
1 CHF	0.96	0.92	1.07	0.97
100 THB	3.15	2.92	3.33	3.00
100 CNY	14.77	14.64	15.16	14.65
1 BRL	0.57	0.50	0.60	0.57
1 GBP	1.55	1.56	1.54	1.61
100 JPY	1.14	1.07	1.23	1.08
10 MXN	0.79	0.74	0.81	0.77
1 NZ\$	0.72	0.62	0.77	0.73
1 CA\$	0.97	0.88	1.00	0.95

**Sensitivity analysis**

A change in exchange rates would impact future payments and receipts of the Group's assets and liabilities denominated in foreign currencies. A 10% strengthening of the \$ against the following currencies at the reporting date would have (increased) decreased comprehensive income in the statement of comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The same basis has been applied for all periods presented.

<b>(In \$ million)</b>	<b>Comprehensive income for the</b>	
	<b>2010</b>	<b>2009</b>
€	(202.4)	(215.8)
CHF	1.2	2.2
THB	0.2	(0.5)
CNY	4.3	2.0
BRL	2.9	4.2
GBP	1.0	1.7
JPY	(1.9)	(1.0)
MXN	4.3	0.5
NZ\$	0.5	(33.5)
CA\$	2.4	1.5

A 10% weakening of the \$ against the above currencies at the reporting date would have the following effect:

<b>(In \$ million)</b>	<b>Comprehensive income for the</b>	
	<b>2010</b>	<b>2009</b>
€	202.4	215.8
CHF	(1.2)	(2.2)
THB	(0.2)	0.5
CNY	(4.3)	(2.0)
BRL	(2.9)	(4.2)
GBP	(1.0)	(1.7)
JPY	1.9	1.0
MXN	(4.3)	(0.5)
NZ\$	(0.5)	33.5
CA\$	(2.4)	(1.5)

The Group's primary exposure to foreign exchange risk is on the translation of net assets of Group entities which are denominated in currencies other than \$, which is the Group's reporting currency. The impact of movements in exchange rates is therefore recognized primarily in other comprehensive income.

Certain subsidiaries within the Group are exposed to foreign exchange risk on intercompany borrowings, sales and purchases denominated in currencies that are not the functional currency of that subsidiary. In these circumstances, a change in exchange rates would impact the net operating profit recognized in the profit or loss component of the Group's statement of comprehensive income.

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(b) Interest rate risk

The Group's interest rate risk arises from long-term borrowings at both fixed and floating rates and deposits which earn interest at floating rates. Borrowings and deposits at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group has exposure to both floating and fixed interest rates on borrowings primarily denominated in \$ and €.

Interest rate risk on borrowings at floating rates is partially offset by interest earned on cash deposits also at floating rates.

The Group has adopted a policy, which is consistent with the covenants under the 2009 Credit Agreement, to ensure that at least 50% of its overall exposure to changes in interest rates on borrowings is on a fixed rate basis.

The following table sets out the Group's interest rate risk repricing profile:

(In \$ million)	Total	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
<b>December 31, 2010</b>						
<b>Fixed rate instruments</b>						
Loans and borrowings:						
October 2010 Senior Secured Notes	(1,500.0)	-	-	-	-	(1,500.0)
October 2010 Senior Notes	(1,500.0)	-	-	-	-	(1,500.0)
May 2010 Notes	(1,000.0)	-	-	-	-	(1,000.0)
2009 Notes of \$1,125 million and €450 million (due Nov 5, 2016)	(1,723.3)	-	-	-	-	(1,723.3)
2007 Senior Notes of €480 million (due Dec 15, 2016)	(638.2)	-	-	-	-	(638.2)
2007 Senior Subordinated Notes of €420 million (due June 15, 2017)	(558.4)	-	-	-	-	(558.4)
Pactiv 2012 Notes	(249.3)	-	-	(249.3)	-	-
Pactiv 2017 Notes	(299.7)	-	-	-	-	(299.7)
Pactiv 2018 Notes	(15.7)	-	-	-	-	(15.7)
Pactiv 2025 Notes	(276.4)	-	-	-	-	(276.4)
Pactiv 2027 Notes	(200.0)	-	-	-	-	(200.0)
Other borrowings	(28.2)	(1.4)	(1.8)	(0.6)	(1.0)	(23.4)
<b>Total fixed rate instruments</b>	<b>(7,989.2)</b>	<b>(1.4)</b>	<b>(1.8)</b>	<b>(249.9)</b>	<b>(1.0)</b>	<b>(7,735.1)</b>
<b>Floating rate instruments</b>						
Cash and cash equivalents	663.1	663.1	-	-	-	-
Bank overdrafts	(11.7)	(11.7)	-	-	-	-
Loans and borrowings:						
2009 Credit Agreement	(4,149.8)	(4,149.8)	-	-	-	-
Related party borrowings	(15.5)	(15.5)	-	-	-	-
Other borrowings	(3.3)	(3.3)	-	-	-	-
<b>Total variable rate instruments</b>	<b>(3,517.2)</b>	<b>(3,517.2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>(11,506.4)</b>	<b>(3,518.6)</b>	<b>(1.8)</b>	<b>(249.9)</b>	<b>(1.0)</b>	<b>(7,735.1)</b>

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(In \$ million)	Total	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
<b>December 31, 2009</b>						
<b>Fixed rate instruments</b>						
Interest rate SWAP on €305 million (4.71% till July 12, 2010)	(438.3)	-	(438.3)	-	-	-
Loans and borrowings:						
2009 Notes of \$1,125 million and €450 million (due Nov 5, 2016)	(1,771.8)	-	-	-	-	(1,771.8)
2007 Senior Notes of €480 million (due Dec 15, 2016)	(689.8)	-	-	-	-	(689.8)
2007 Senior Subordinated Notes of €420 million (due June 15, 2017)	(603.5)	-	-	-	-	(603.5)
Other borrowings	(4.8)	-	(0.1)	(0.3)	(4.4)	-
<b>Total fixed rate instruments</b>	<b>(3,508.2)</b>	<b>-</b>	<b>(438.4)</b>	<b>(0.3)</b>	<b>(4.4)</b>	<b>(3,065.1)</b>
<b>Floating rate instruments</b>						
Cash and cash equivalents	514.8	514.8	-	-	-	-
Related party receivables	95.9	36.6	-	59.3	-	-
Interest rate SWAP on €305 million (4.71% till July 12, 2010)	438.3	438.3	-	-	-	-
Bank overdraft	(1.1)	(1.1)	-	-	-	-
Loans and borrowings:						
2009 Credit Agreement	(1,394.2)	(1,394.2)	-	-	-	-
CHH Facility	(619.6)	(619.6)	-	-	-	-
Blue Ridge Facility	(43.1)	(43.1)	-	-	-	-
Related party borrowings	(16.3)	(16.3)	-	-	-	-
Other borrowings	(3.8)	(3.8)	-	-	-	-
<b>Total variable rate instruments</b>	<b>(1,029.1)</b>	<b>(1,088.4)</b>	<b>-</b>	<b>59.3</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>(4,537.3)</b>	<b>(1,088.4)</b>	<b>(438.4)</b>	<b>59.0</b>	<b>(4.4)</b>	<b>(3,065.1)</b>

The Group's sensitivity to interest rate risk can be expressed in two ways:

**Fair value sensitivity analysis**

A change in interest rates impacts the fair value of the Group's fixed rate borrowings. Given all debt instruments are carried at amortized cost, a change in interest rates would not impact the profit or loss component of the statement of comprehensive income.

**Cash flow sensitivity analysis**

A change in interest rates would impact future interest payments and receipts on the Group's floating rate assets and liabilities. An increase in interest rates of 100 basis points at the reporting date would increase (decrease) the statement of comprehensive income result and equity by the amounts shown below, based on the assets and liabilities held at the reporting date, and a one year time frame. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for comparative periods.

As at December 31, 2010 most of the Group's debt has been issued with a fixed interest rate. While interest on the 2009 Credit Agreement is at a floating rate, there is a LIBOR/EURIBOR floor between 1.50% and 2.0%. Consequently reductions in interest rates have no impact on this facility. Furthermore, given current LIBOR/EURIBOR rates, a 1% increase in interest rates will still result in the Group paying interest based on the floor plus applicable margin on the portion of the 2009 Credit Agreement that is denominated in dollars.

(In \$ million)	For the period ended December 31	
	2010	2009
100 basis point increase in interest rates	(4.7)	(5.5)
100 basis point decrease in interest rates	0.2	4.6

**(c) Commodity and other price risk**

Commodity and other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

The Group's exposure to commodity and other price risk arises principally from the purchase of resin, natural gas, raw cartonboard, PE resin, aluminum and steel. Other than resin, natural gas and certain aluminum purchases, the Group generally purchases these commodities at spot market prices and commodity financial instruments or derivatives to hedge commodity prices are not used.

The Group's objective is to ensure that its commodity and other price risk exposure is kept at an acceptable level. In accordance with the Group's treasury policy, the Group enters into derivative instruments to hedge the Group's exposure in relation to the cost of resin, natural gas and aluminum.

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**Resin derivative contracts**

The Group enters into resin futures to hedge its exposure to resin price fluctuations. These contracts effectively manage price risk by reference to the difference between the fixed contract price and the market price.

At December 31, 2010 the Group held a number of futures contracts to hedge resin for delivery from between January 2011 and December 2011.

During the period ended December 31, 2010 the Group recognized a realized loss of \$0.7 million (2009: \$6.8 million; 2008: nil) as a component of cost of sales and an unrealized loss of \$0.8 million (2009: unrealized gain of \$9.8 million; 2008: unrealized loss of \$9.3 million) as a component of other income in the profit and loss component of the statement of comprehensive income related to its resin derivative contracts.

The impact on the statement of comprehensive income (profit and loss) from a revaluation of resin contracts at December 31, 2010 assuming a ten percent parallel upwards movement in the price curve used to value the contracts is a loss of \$0.1 million (2009: gain of \$1.0 million; 2008: loss of \$0.9 million) assuming all other variables remain constant. A 10% parallel decrease in the price curve would have an equal but opposite effect on the statement of comprehensive income (profit and loss).

**Aluminum derivative contracts**

**Swaps**

The Group enters into aluminum swap contracts to hedge its exposure to aluminum price fluctuations. These contracts effectively manage price risk by reference to the difference between the fixed contract price and the market price. That difference is paid or received after the trading period.

At December 31, 2010 the Group held a number of aluminum swap contracts. Contracted volumes of approximately 38,459 metric tons (2009: 35,790 metric tons) have been fixed at a range of prices between \$1,962 and \$2,496 per ton (2009: \$1,572 and \$3,048 per ton), for delivery from January 2011 to January 2012. During the period ended December 31, 2010 the Group recognized a realized loss of \$8.3 million (2009: realized loss of \$103.0 million; 2008: realized loss of \$45.4 million) as a component of cost of sales, and an unrealized gain of \$2.8 million (2009: unrealized gain of \$114.9 million; 2008: unrealized loss of \$142.5 million) as a component of other income in the profit and loss component of the statement of comprehensive income.

The impact on the statement of comprehensive income (profit and loss) from a revaluation of aluminum swap contracts at December 31, 2010 assuming a ten percent parallel upwards movement in the price curve used to value the contracts is a gain of \$0.3 million (2009: gain of \$11.5 million; 2008: loss of \$14.3 million) assuming all other variables remain constant. A 10% parallel decrease in the price curve would have an equal but opposite effect on the statement of comprehensive income (profit and loss).

**Options**

The Group entered into option contracts to hedge its exposure against price movements in the price of aluminum. These contracts gave the Group the right to sell aluminum at a fixed contract price for a premium or discount.

There were no outstanding option contracts at December 31, 2010 (2009: nil). During the period ended December 31, 2010 the Group recognized a realized gain of nil (2009: nil; 2008: nil) as a component of cost of sales and no unrealized gain or loss (2009: nil; 2008: unrealized gain of \$0.3 million) as a component of other expenses in the profit and loss component of the statement of comprehensive income related to its option contracts.

**Natural gas derivative contracts**

The Group enters into natural gas swaps to hedge its exposure to natural gas price fluctuations. These contracts effectively manage price risk by reference to the difference between the fixed contract price and the market price. That difference is paid or received after the trading period.

At December 31, 2010 the Group held a number of contracts for differences covering periods from January 2011 to December 2011. Contracted volumes of approximately 1,508,789 MMBtu (2009: 284,000 MMBtu) have been fixed at a range of prices between \$4.50 and \$5.88 per MMBtu (2009: \$4.56 and \$6.23 per MMBtu) for delivery from January 2011 to December 2011. During the period ended December 31, 2010 the Group recognized a realized loss of \$2.1 million (2009: realized loss of \$2.4 million; 2008: nil) as a component of cost of sales and a \$0.8 million unrealized loss (2009: nil; 2008: unrealized loss of \$0.8 million) as a component of other income in the profit and loss component of the statement of comprehensive income related to its natural gas derivative contracts.

The impact on the statement of comprehensive income (profit or loss) from a revaluation of natural gas contracts at December 31, 2010 assuming a ten percent parallel upwards movement in the price curve used to value the contracts is \$0.1 million (2009: nil; 2008: loss of \$0.1 million) assuming all other variables remain constant. A 10% parallel decrease in the price curve would have an equal but opposite effect on the statement of comprehensive income (profit or loss).

**30.3 Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and related entities.

Given the diverse range of operations and customers across the Group, the Directors have delegated authority for credit control procedures to each of the operating businesses within the Group. Each operating business is responsible for managing its own credit control procedures. These include but are not limited to reviewing the individual characteristics of new customers for creditworthiness before accepting the customer and agreeing upon purchase limits and terms of trade. If considered appropriate the operating business may take out insurance for specific debtors.

Generally the Group does not require collateral in respect of trade and other receivables. Goods are generally sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. For certain sales letters of credit are obtained.

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The Group's exposure to credit risk is primarily in its trade and other receivables and is influenced mainly by the individual characteristics of each customer. Refer to note 17.

Historically there has been a low level of losses resulting from default by customers and related entities. The carrying amount of financial assets represents the maximum credit exposure.

The Group limits its exposure to credit risk by making deposits and entering into derivative instruments with counterparties that have a credit rating of at least investment grade. Given these high credit ratings, management does not expect any such counterparty to fail to meet its obligations.

**30.4 Liquidity risk**

Liquidity risk is the risk that the Group will not meet its contractual obligations as they fall due. The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities as and when they fall due and comply with bank covenants under both normal and stressed conditions.

The Group evaluates its liquidity requirements on an ongoing basis using a 13 week rolling forecast and a 12 month rolling forecast and ensures that it has sufficient cash on demand to meet expected operating expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities. It also has credit lines in place to cover potential shortfalls. At December 31, 2010 the Group had undrawn lines of credit under the revolving facilities of the 2009 Credit Agreement totaling \$71.2 million and €56.0 million (\$74.4 million) (2009: \$104.9 million and €60.0 million (\$86.2 million)) and the Blue Ridge Facility totaling nil (2009: \$4.5 million). In addition, the Group has local working capital facilities in various jurisdictions which are available if needed to support the cash management of local operations.

The following table sets out contractual cash flows for all financial liabilities including commodity derivatives.

(In \$ million)	Carrying amount	Total	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
<b>December 31, 2010</b>							
<b>Non-derivative financial liabilities</b>							
Bank overdrafts	(11.7)	(11.7)	(11.7)	-	-	-	-
Trade and other payables	(1,238.5)	(1,238.5)	(1,238.5)	-	-	-	-
Non-current payables	(8.3)	(8.3)	-	-	(8.3)	-	-
Loans and borrowings							
2009 Credit Agreement*	(4,026.2)	(5,381.7)	(176.3)	(197.5)	(419.4)	(1,986.4)	(2,602.1)
October 2010 Senior Secured Notes	(1,470.2)	(2,408.1)	(53.4)	(53.4)	(106.8)	(320.4)	(1,874.1)
October 2010 Senior Notes	(1,463.8)	(2,647.5)	(67.5)	(67.5)	(135.0)	(405.0)	(1,972.5)
May 2010 Notes	(977.6)	(1,637.5)	(42.5)	(42.5)	(85.0)	(255.0)	(1,212.5)
2009 Notes	(1,647.6)	(2,524.8)	(66.8)	(66.8)	(133.6)	(400.7)	(1,856.9)
2007 Senior Notes	(620.7)	(944.6)	(25.5)	(25.5)	(51.1)	(153.2)	(689.3)
2007 Senior Subordinated Notes	(542.3)	(903.3)	(26.5)	(26.5)	(53.1)	(159.2)	(638.0)
Pactiv 2012 Notes	(260.9)	(278.5)	(7.3)	(7.3)	(263.9)	-	-
Pactiv 2017 Notes	(315.9)	(458.1)	(12.2)	(12.2)	(24.4)	(73.1)	(336.2)
Pactiv 2018 Notes	(16.4)	(23.2)	(0.5)	(0.5)	(1.0)	(3.0)	(18.2)
Pactiv 2025 Notes	(269.5)	(606.0)	(11.0)	(11.0)	(22.0)	(65.9)	(496.1)
Pactiv 2027 Notes	(197.0)	(476.5)	(8.4)	(8.4)	(16.8)	(50.3)	(392.6)
Related party borrowings	(15.5)	(18.5)	-	-	-	-	(18.5)
Other borrowings	(31.5)	(40.7)	(3.3)	(3.3)	(1.5)	(6.3)	(26.3)
	<b>(13,113.6)</b>	<b>(19,607.5)</b>	<b>(1,751.4)</b>	<b>(522.4)</b>	<b>(1,321.9)</b>	<b>(3,878.5)</b>	<b>(12,133.3)</b>
<b>Derivative financial liabilities</b>							
Commodity derivatives							
Inflows	10.7	51.6	34.9	16.6	0.1	-	-
Outflows	-	(40.9)	(25.4)	(15.5)	-	-	-
	<b>10.7</b>	<b>10.7</b>	<b>9.5</b>	<b>1.1</b>	<b>0.1</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>(13,102.9)</b>	<b>(19,596.8)</b>	<b>(1,741.9)</b>	<b>(521.3)</b>	<b>(1,321.8)</b>	<b>(3,878.5)</b>	<b>(12,133.3)</b>

\* Refer to note 38 for changes to the Group's borrowings subsequent to December 31, 2010.

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(In \$ million)	Carrying amount	Total	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
<b>December 31, 2009</b>							
<b>Non-derivative financial liabilities</b>							
Bank overdrafts	(1.1)	(1.1)	(1.1)	-	-	-	-
Trade and other payables	(756.0)	(756.0)	(756.0)	-	-	-	-
Non-current payables	(28.4)	(28.4)	-	-	(28.4)	-	-
Loans and borrowings							
2009 Credit Agreement	(1,343.6)	(1,808.1)	(60.9)	(60.3)	(153.0)	(594.5)	(939.4)
2007 Senior Notes	(668.6)	(1,073.7)	(27.6)	(27.6)	(55.2)	(165.5)	(797.8)
2007 Senior Subordinated Notes	(584.4)	(1,031.3)	(28.7)	(28.7)	(57.5)	(172.0)	(744.4)
2009 Notes	(1,687.8)	(2,706.9)	(68.7)	(68.7)	(137.4)	(412.3)	(2,019.8)
CHH Facility	(617.3)	(663.7)	(23.5)	(28.3)	(38.1)	(573.8)	-
Blue Ridge Facility	(43.1)	(44.0)	(0.8)	(43.2)	-	-	-
Related party borrowings	(16.3)	(24.4)	-	-	-	-	(24.4)
Other borrowings	(8.6)	(8.6)	(1.3)	(2.4)	(3.3)	(1.0)	(0.6)
	<b>(5,755.2)</b>	<b>(8,146.2)</b>	<b>(968.6)</b>	<b>(259.2)</b>	<b>(472.9)</b>	<b>(1,919.1)</b>	<b>(4,526.4)</b>
<b>Derivative financial liabilities</b>							
Interest rate SWAP on €305 million (4.71% till July 12, 2010)	(10.8)	(10.8)	(10.2)	(0.6)	-	-	-
Commodity derivatives							
Inflow s	(4.5)	1.3	0.5	0.8	-	-	-
Outflow s	-	(5.8)	(5.8)	-	-	-	-
	<b>(15.3)</b>	<b>(15.3)</b>	<b>(15.5)</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>(5,770.5)</b>	<b>(8,161.5)</b>	<b>(984.1)</b>	<b>(259.0)</b>	<b>(472.9)</b>	<b>(1,919.1)</b>	<b>(4,526.4)</b>

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**30.5 Classification and fair values**

(In \$ million)	Fair value through the profit or loss	Derivatives held for hedging	Held to maturity	Loans and receivables	Other liabilities	Total carrying amount	Fair value
<b>December 31, 2010</b>							
<b>Assets</b>							
Cash and cash equivalents	-	-	-	663.1	-	663.1	663.1
Current and non-current	-	-	-	1,192.9	-	1,192.9	1,192.9
Derivative financial assets							
Commodity contracts	11.9	-	-	-	-	11.9	11.9
Embedded derivatives	86.9	-	-	-	-	86.9	86.9
<b>Total assets</b>	<b>98.8</b>	<b>-</b>	<b>-</b>	<b>1,856.0</b>	<b>-</b>	<b>1,954.8</b>	<b>1,954.8</b>
<b>Liabilities</b>							
Bank overdrafts	-	-	-	-	(11.7)	(11.7)	(11.7)
Trade and other payables	-	-	-	-	(1,238.5)	(1,238.5)	(1,238.5)
Other payables	-	-	-	-	(8.3)	(8.3)	(8.3)
Derivative financial liabilities							
Commodity contracts	(1.2)	-	-	-	-	(1.2)	(1.2)
Loans and borrowings							
2009 Credit Agreement	-	-	-	-	(4,026.2)	(4,026.2)	(4,149.8)
October 2010 Senior Secured Notes	-	-	-	-	(1,470.2)	(1,470.2)	(1,552.5)
October 2010 Senior Notes	-	-	-	-	(1,463.8)	(1,463.8)	(1,548.8)
May 2010 Notes	-	-	-	-	(977.6)	(977.6)	(1,015.0)
2009 Notes	-	-	-	-	(1,647.6)	(1,647.6)	(1,810.3)
2007 Senior Notes	-	-	-	-	(620.7)	(620.7)	(640.8)
2007 Senior Subordinated Notes	-	-	-	-	(542.3)	(542.3)	(575.3)
Pactiv 2012 Notes	-	-	-	-	(260.9)	(260.9)	(257.4)
Pactiv 2017 Notes	-	-	-	-	(315.9)	(315.9)	(297.0)
Pactiv 2018 Notes	-	-	-	-	(16.4)	(16.4)	(14.6)
Pactiv 2025 Notes	-	-	-	-	(269.5)	(269.5)	(236.3)
Pactiv 2027 Notes	-	-	-	-	(197.0)	(197.0)	(178.5)
Related party borrowings	-	-	-	-	(15.5)	(15.5)	(15.5)
Other borrowings	-	-	-	-	(31.5)	(31.5)	(31.5)
<b>Total liabilities</b>	<b>(1.2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,113.6)</b>	<b>(13,114.8)</b>	<b>(13,583.0)</b>

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(In \$ million)	Fair value through the profit or loss	Derivatives held for hedging	Held to maturity	Loans and receivables	Other liabilities	Total carrying amount	Fair value
<b>December 31, 2009</b>							
<b>Assets</b>							
Cash and cash equivalents	-	-	-	514.8	-	514.8	514.8
Current and non-current receivables	-	-	-	796.6	-	796.6	796.6
Derivative financial assets						-	-
Commodity contracts	6.3	-	-	-	-	6.3	6.3
Embedded derivatives	16.8	-	-	-	-	16.8	16.8
<b>Total assets</b>	<b>23.1</b>	<b>-</b>	<b>-</b>	<b>1,311.4</b>	<b>-</b>	<b>1,334.5</b>	<b>1,334.5</b>
<b>Liabilities</b>							
Bank overdrafts	-	-	-	-	(1.1)	(1.1)	(1.1)
Trade and other payables	-	-	-	-	(756.0)	(756.0)	(756.0)
Other payables	-	-	-	-	(28.4)	(28.4)	(28.4)
Derivative financial liabilities							
Interest rate swap	(10.8)	-	-	-	-	(10.8)	(10.8)
Commodity contracts	(4.5)	-	-	-	-	(4.5)	(4.5)
Loans and borrowings							
2009 Credit Agreement	-	-	-	-	(1,343.6)	(1,343.6)	(1,394.2)
2009 Notes	-	-	-	-	(1,687.8)	(1,687.8)	(1,791.9)
2007 Senior Notes	-	-	-	-	(668.6)	(668.6)	(660.3)
2007 Senior Subordinated Notes	-	-	-	-	(584.4)	(584.4)	(593.0)
CHH Facility	-	-	-	-	(617.3)	(617.3)	(617.3)
Blue Ridge Facility	-	-	-	-	(43.1)	(43.1)	(43.1)
Related party borrowings	-	-	-	-	(16.3)	(16.3)	(16.3)
Other borrowings	-	-	-	-	(8.6)	(8.6)	(8.6)
Other liabilities	-	-	-	-	(2.0)	(2.0)	(2.0)
<b>Total liabilities</b>	<b>(15.3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,757.2)</b>	<b>(5,772.5)</b>	<b>(5,927.5)</b>

The methods used in determining fair values of financial instruments are disclosed in note 5.

**Beverage Packaging Holdings Group**  
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**30.6 Fair value measurements recognized in the statement of comprehensive income**

The following table sets out an analysis of the Group's financial instruments that are measured subsequent to initial recognition at fair value and are grouped into levels based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(In \$ million)	Level 1	Level 2	Level 3	Total
<b>December 31, 2010</b>				
<b>Financial assets at fair value through profit or loss</b>				
Derivative financial assets				
Commodity derivatives, net	-	10.7	-	10.7
Embedded derivatives	-	86.9	-	86.9
<b>Total</b>	<b>-</b>	<b>97.6</b>	<b>-</b>	<b>97.6</b>
<b>Financial liabilities at fair value through profit or loss</b>				
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>December 31, 2009</b>				
<b>Financial assets at fair value through profit or loss</b>				
Derivative financial assets				
Commodity derivatives, net	-	1.8	-	1.8
Embedded derivatives	-	16.8	-	16.8
<b>Total</b>	<b>-</b>	<b>18.6</b>	<b>-</b>	<b>18.6</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative financial liabilities				
Interest rate SWAP on €305 million (4.71% till July 12, 2010)	-	(10.8)	-	(10.8)
<b>Total</b>	<b>-</b>	<b>(10.8)</b>	<b>-</b>	<b>(10.8)</b>

There were no transfers between any levels during the period ended December 31, 2010 (2009: nil).

**31. Related parties**

**Parent and ultimate controlling party**

The immediate parent of the Group is Reynolds Group Holdings Limited, the ultimate parent of the Group is Packaging Holdings Limited and the ultimate shareholder is Mr. Graeme Hart.

**Transactions with key management personnel**

Key management personnel compensation comprised:

(In \$ million)	As at December 31		
	2010	2009	2008
Short-term employee benefits	10.5	8.4	7.3
Management fees	0.8	2.5	1.8
<b>Total compensation expense to key management personnel</b>	<b>11.3</b>	<b>10.9</b>	<b>9.1</b>

There have been no transactions with key management personnel (2009: nil; 2008: nil). No balances due from key management personnel have been written off or forgiven during the period (2009: nil; 2008: nil).

**Related party transactions**

The entities, the nature of the relationship and the types of transactions with which the Group entered into related party transactions during the periods are detailed below:

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<b>Entity name</b>	<b>Nature of relationship</b>	<b>Nature of transactions</b>
Reynolds Group Holdings Limited	Immediate parent	Financing (loan) <sup>(b)</sup> , interest expense
BPC Finance (N.Z.) Limited	Common ultimate shareholder	Transfer of tax losses
BPC United States Inc.	Common ultimate shareholder	Management fees, trade receivables, loan to related party, sale of property, plant and equipment <sup>(e) (g)</sup>
Burns Philp Canada Group Limited	Common ultimate shareholder	Loan to related party <sup>(f)</sup>
Carter Holt Harvey Corrugated Packaging Pty Limited	Common ultimate shareholder	Sale of goods
Carter Holt Harvey Limited	Common ultimate shareholder	Trade receivables, trade payables, loans from related party, transfer of tax losses, interest expense, sale of goods, settlement of loan, purchase of Whakatane Mill <sup>(c)(h)</sup>
Carter Holt Harvey Packaging Pty Limited	Common ultimate shareholder	Trade payables, trade receivables, sale of goods
Carter Holt Harvey Pulp & Paper Limited	Common ultimate shareholder	Trade receivables, trade payables, sale of goods, purchase of goods
Closure Systems International (NZ)	Common ultimate shareholder	Trade payables
Evergreen Packaging New Zealand Limited	Common ultimate shareholder	Trade payables, loan from related party, settlement of loan <sup>(i)</sup> , interest
Evergreen Packaging US	Common ultimate shareholder	Trade payables
Nerva Investments Limited	Common ultimate shareholder	Transfer of tax losses
Rank Group Investments Limited	Common ultimate shareholder	Transfer of tax losses
Rank Group Limited	Common ultimate shareholder	Trade payables, aluminum hedge novation, reimbursement of marketing expenses, recharges, advances to related party
Reynolds Consumer Products (NZ) Limited	Common ultimate shareholder	Trade receivables, loan from related party with interest at 6.21%, loan repayment in consideration for issue of shares, novation of loans, loan repayments
Reynolds Packaging (NZ) Limited	Common ultimate shareholder	Trade payables, dividends paid
Reynolds Packaging Group (NZ) Limited	Common ultimate shareholder	Trade payables
Reynolds Treasury (NZ) Limited	Common ultimate shareholder	Loans from related party with interest at USD Libor + 4.5%, repayment of loan and interest
SIG Combibloc Obeikan FZCO	Joint venture	Sales of goods and services <sup>(a)</sup> , sale of non-current assets
SIG Combibloc Obeikan Company Limited	Joint venture	Production <sup>(a)</sup>

**Beverage Packaging Holdings Group**  
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(In \$ million)	Transaction values for the period ended December 31			Balances outstanding as at December 31	
	2010	2009	2008	2010	2009
<b>Transactions with the immediate and ultimate parent companies</b>					
Due to immediate parent <sup>(b)</sup>	-	-	-	(15.5)	(16.3)
Interest charged	(0.5)	(0.5)	(1.0)	-	-
<b>Transactions with joint ventures</b>					
Sale of goods and services <sup>(a)</sup>	121.7	96.1	94.5	29.3	24.0
Purchase of goods <sup>(a)</sup>	-	(3.6)	-	(3.2)	(3.7)
Sale of non-current assets	7.0	-	-	-	-
<b>Transactions with other related parties</b>					
<b>Trade receivables</b>					
BPC United States Inc.	-	-	-	1.2	0.1
Sale of property, plant and equipment <sup>(g)</sup>	2.7	-	-	-	-
Carter Holt Harvey Corrugated Packaging Pty Limited	-	-	-	-	-
Sale of goods	0.2	-	-	-	-
Carter Holt Harvey Limited	-	-	-	1.1	-
Sale of goods	14.4	-	-	-	-
Carter Holt Harvey Packaging Pty Limited	-	-	-	4.1	-
Sale of goods	19.7	-	-	-	-
Carter Holt Harvey Pulp & Paper Limited	-	-	-	0.4	-
Sale of goods	2.0	-	-	-	-
Rank Group Limited – reimbursement of marketing expenses	-	7.5	-	-	-
Reynolds Consumer Products (NZ) Limited	-	3.8	-	-	3.9
Reynolds Packaging Group (NZ) Limited	-	(9.3)	-	-	-
Reynolds Treasury (NZ) Limited	-	-	-	-	23.6
Advances	0.3	23.0	-	-	-
Interest charged	0.9	0.6	0.6	-	-
Repayment	24.6	-	-	-	-
<b>Trade payables</b>					
BPC United States Inc.	-	-	-	-	-
Management fees	(0.8)	(2.5)	(1.7)	-	-
Recharges	-	(2.5)	(2.4)	-	-
Burns Philp Canada Group Limited	-	-	(0.6)	-	-
Carter Holt Harvey Limited	-	-	-	(1.1)	(0.1)
Purchase of goods	(1.1)	-	-	-	-
Purchase of Whakatane Mill <sup>(h)</sup>	(45.6)	-	-	-	-
Carter Holt Harvey Packaging Pty Limited	-	-	-	(0.2)	-
Carter Holt Harvey Pulp & Paper Limited	-	-	(0.4)	(3.4)	-
Purchase of goods	(25.0)	-	-	-	-
Closure Systems International (NZ) Limited	-	(7.2)	-	-	(7.5)
Evergreen Packaging New Zealand Limited	(18.2)	-	-	-	-
Evergreen Packaging US	(11.4)	-	-	-	-
Rank Group Limited	-	-	(0.1)	(6.5)	(0.2)
Novation of aluminum hedge contract	-	-	(32.8)	-	-
Recharges	(43.1)	(15.8)	-	-	-
Reynolds Packaging (NZ) Limited	(44.6)	(0.6)	-	(0.6)	(0.6)
Dividends paid	(39.0)	-	-	-	-
Reynolds Packaging Group (NZ) Limited	-	(0.4)	-	(0.4)	(0.6)
Reynolds Treasury (NZ) Limited	-	-	-	-	(0.7)
Loan advanced	-	-	(58.5)	-	-
Interest charged	-	(1.9)	(2.9)	-	-
Recharges	-	0.4	-	-	-

**Beverage Packaging Holdings Group**  
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(In \$ million)	Transaction values for the period ended December 31			Balances outstanding as at December 31	
	2010	2009	2008	2010	2009
<b>Loans receivable</b>					
BPC United States Inc. <sup>(e)</sup>	-	-	0.2	-	11.7
Repayments	11.7	-	-	-	-
Burns Philp Canada Group Limited <sup>(f)</sup>	-	-	-	-	0.3
Interest charged	-	0.1	-	-	-
Repayments	0.3	-	-	-	-
Reynolds Consumer Products (NZ) Limited	-	-	-	-	59.3
Advances	-	58.7	-	-	-
Interest charged	1.9	0.6	-	-	-
Novation of loan	1.4	-	-	-	-
Repayment of loan	61.1	-	-	-	-
Reynolds Treasury (NZ) Limited	-	-	-	-	-
Interest	-	0.1	-	-	-
Hedge deposit	-	(16.6)	-	-	-
Transfer	-	(34.4)	-	-	-
Repayments	-	(17.8)	-	-	-
<b>Loans payable</b>					
Carter Holt Harvey Limited <sup>(c)</sup>	-	-	-	-	-
Interest charged	-	(3.2)	(9.4)	-	-
Advances from related party	-	-	(5.1)	-	-
Novation of loan	-	-	-	-	-
Evergreen Packaging New Zealand Limited <sup>(i)</sup>	-	-	-	-	-
Interest charged	-	(0.5)	(1.1)	-	-
Reynolds Consumer Products (NZ) Limited <sup>(d)</sup>	-	-	-	-	-
Loan advanced	-	-	(110.0)	-	-
Interest charged	-	(5.9)	(6.4)	-	-
Repayment by way of assignment of loans	-	121.0	-	-	-
<b>Receivable related to transfer of tax losses to:</b>					
Carter Holt Harvey Limited	4.7	-	-	-	-
<b>CFC Tax Liability</b>					
BPC Finance (N.Z.) Limited	-	(11.2)	-	-	(12.4)
Repayments	(11.2)	-	-	-	-
Nerva Investments Limited	-	(9.0)	-	-	(12.4)
Repayments	(11.3)	-	-	-	-
Rank Group Investments Limited	-	-	-	-	-

(a) All transactions with joint ventures are conducted on an arm's length basis and are settled in cash. Sales of goods and services are negotiated on a cost-plus basis allowing a margin ranging from 3% to 6%. All amounts are unsecured, non-interest bearing and repayable on demand.

(b) The advance due to Reynolds Group Holdings Limited accrues interest at a rate based on EURIBOR plus a margin of 2.38%. During the period ended December 31, 2010, interest accrued at rates from 3.01% to 3.32% (2009: 3.13% to 5.22%). This loan is subordinated to the obligations under the 2009 Credit Agreement and 2009 Notes and is subject to certain other payment restrictions, including in favor of the 2007 Notes under the terms of the inter-creditor arrangements.

(c) The following involves CHHL;

- (i) Intercompany loans arising from a Payment in Kind (PIK) note which provided for interest based upon a fixed rate of 9%, compounded semi-annually.
- (ii) Intercompany loan bearing interest at the US bill rate plus a margin of 1.75%. Amounts are unsecured and payable on demand.
- (iii) This amount bore interest at the AFR rate with interest of 0.6% to 0.8% charged during the period ended December 31, 2009.
- (iv) On February 19, 2009, CHHL assigned a loan payable by the Group of €47.4 million (\$60.7 million) to Evergreen Packaging Holdings Limited for an issue of shares, subsequently assigned to Evergreen Packaging New Zealand Limited and then to Evergreen Packaging Antilles N.V. for an issue of shares and converted to equity in Evergreen Packaging International B.V. (a member of the Group). Refer to note 29.

(d) The loan held by RCP NZ was assigned to Reynolds Consumer Products Holdings Inc. ("RCPHI") and repaid by contribution of additional capital of \$121.0 million to RCPHI.

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(e) The advance due from BPC United States Inc. accrued interest at a rate based upon the AFR rate, set monthly. Amounts are unsecured and payable on demand.

(f) The advance due from Burns Philp Canada Group Limited was non-interest bearing and unsecured.

(g) On April 29, 2010, Blue Ridge Paper Products Inc. sold land and buildings held in Richmond to BPC United States Inc. The consideration paid was the net book value of the assets at the date of sale, being \$2.7 million.

(h) On May 4, 2010, the Group acquired the Whakatane Mill for a purchase price of \$48.0 million, being the fair value of the net assets at the date purchased, from CHHL. The consideration paid to the seller of the assets was subject to certain post-closing adjustments relating to the closing net working capital, reimbursable wages and other stub period adjustments. The post-closing adjustments resulted in CHHL owing the Group an amount of \$2.4 million which was paid during the period ended December 31, 2010.

(i) The transactions with Evergreen Packaging New Zealand Limited arise from the following agreements which were settled as of December 31, 2009:

(i) a dollar bond bearing interest at a fixed rate of 6.9%.

(ii) a dollar loan bearing interest at a rate based upon the three-month LIBOR, set quarterly, plus a margin of 1.75%.

(iii) a dollar loan bearing interest at a rate based upon the one-month LIBOR, set monthly, plus a margin of 1.75%.

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**32. Group entities**

	Reporting date	Country of incorporation	Ownership interest (%)		Voting interest
			2010	2009	(%) 2010
Alusud Argentina S.R.L.	Dec-31	Argentina	100	100	100
SIG Combibloc Argentina S.R.L.	Dec-31	Argentina	100	100	100
Whakatane Mill Australia Pty Limited (a)	Dec-31	Australia	100	-	100
SIG Austria Holding GmbH	Dec-31	Austria	100	100	100
SIG Combibloc GmbH	Dec-31	Austria	100	100	100
SIG Combibloc GmbH & Co. KG	Dec-31	Austria	100	100	100
Gulf Closures W.L.L.(b)	Dec-31	Bahrain	49	49	49
Closure Systems International (Brazil) Sistemas de Vedacao Ltda.	Dec-31	Brazil	100	100	100
SIG Beverages Brasil Ltda	Dec-31	Brazil	100	100	100
SIG Combibloc Do Brasil Ltda	Dec-31	Brazil	100	100	100
CSI Latin American Holdings Corporation	Dec-31	British Virgin Islands	100	100	100
Reynolds Consumer Products Bulgaria EOOD	Dec-31	Bulgaria	100	100	100
798795 Ontario Limited (c)	Dec-31	Canada	100	-	100
Closure Systems International (Canada) Limited	Dec-31	Canada	100	100	100
Evergreen Packaging Canada Limited	Dec-31	Canada	100	100	100
New spring Canada, Inc. (c)	Dec-31	Canada	100	-	100
Pactiv Canada, Inc. (c)	Dec-31	Canada	100	-	100
Reynolds Food Packaging Canada Inc.	Dec-31	Canada	100	100	100
Crystal Insurance Comp. Ltd.	Dec-31	Channel Islands	100	100	100
SIG Asset Holdings Limited	Dec-31	Channel Islands	100	100	100
Alusud Embalajes Chile Ltda.	Dec-31	Chile	100	100	100
SIG Combibloc Chile Limitada	Dec-31	Chile	100	100	100
Closure Systems International (Guangzhou) Limited	Dec-31	China	100	100	100
Closure Systems International (Wuhan) Limited	Dec-31	China	100	100	100
CSI Closure Systems (Hangzhou) Co., Ltd.	Dec-31	China	100	100	100
CSI Closure Systems (Tianjin) Co., Ltd.	Dec-31	China	100	100	100
Dongguan Pactiv Packaging Co., Ltd (c)	Dec-31	China	51	-	51
Evergreen Packaging (Shanghai) Co., Limited	Dec-31	China	100	100	100
Reynolds Metals (Shanghai) Ltd.	Dec-31	China	100	100	100
SIG Combibloc (Suzhou) Co. Ltd.	Dec-31	China	100	100	100
SIG Combibloc Packaging Technology Services (Shanghai) Co. Ltd. (In liquidation)	Dec-31	China	100	100	100
Zhejiang Zhongbao Packaging Co., Ltd (c)	Dec-31	China	62.5	-	62.5
Alusud Embalajes Colombia Ltda.	Dec-31	Colombia	100	100	100
CSI Closure Systems Manufacturing de Centro America, Sociedad de Responsabilidad Limitada	Dec-31	Costa Rica	100	100	100
SIG Combibloc s.r.o.	Dec-31	Czech Republic	100	100	100
Closure Systems International (Egypt) LLC	Dec-31	Egypt	100	100	100
Evergreen Packaging de El Salvador S.A. de C.V.	Dec-31	El Salvador	100	100	100
SIG Combibloc S.a r.l.	Dec-31	France	100	100	100
Closure Systems International Deutschland GmbH	Dec-31	Germany	100	100	100
Closure Systems International Holdings (Germany) GmbH	Dec-31	Germany	100	100	100
Omni-Pac Ekco GmbH Verpackungsmittel (c)	Dec-31	Germany	100	-	100
Omni-Pac GmbH Verpackungsmittel (c)	Dec-31	Germany	100	-	100
Pactiv Deutschland Holdinggesellschaft mbH (c)	Dec-31	Germany	100	-	100
Pactiv Forest Products GmbH (c)	Dec-31	Germany	100	-	100
Pactiv Hamburg Holdings GmbH (c)	Dec-31	Germany	100	-	100
SIG Beverages Germany GmbH	Dec-31	Germany	100	100	100
SIG Combibloc GmbH	Dec-31	Germany	100	100	100
SIG Combibloc Holding GmbH	Dec-31	Germany	100	100	100
SIG Combibloc Systems GmbH	Dec-31	Germany	100	100	100
SIG Combibloc Zerspanungstechnik GmbH	Dec-31	Germany	100	100	100

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	Reporting date	Country of incorporation	Ownership interest (%)		Voting interest
			2010	2009	(%) 2010
SIG Euro Holding AG & Co. KGaA	Dec-31	Germany	100	100	100
SIG Information Technology GmbH	Dec-31	Germany	100	100	100
SIG International Services GmbH	Dec-31	Germany	100	100	100
SIG Vietnam Beteiligungs GmbH	Dec-31	Germany	100	100	100
Closure Systems International (Hong Kong) Limited	Dec-31	Hong Kong	100	100	100
Evergreen Packaging (Hong Kong) Limited	Dec-31	Hong Kong	100	100	100
SIG Combibloc Limited	Dec-31	Hong Kong	100	100	100
Closure Systems International Holdings (Hungary) Kft.	Dec-31	Hungary	100	100	100
CSI Hungary Manufacturing and Trading Limited Liability Company	Dec-31	Hungary	100	100	100
SIG Combibloc Kft.	Dec-31	Hungary	100	100	100
Closure Systems International (I) Private Limited	Mar-31	India	100	100	100
SIG Beverage Machinery and Systems (India) Pvt. Ltd. (In liquidation)	Dec-31	India	100	100	100
Ha'Lakoach He'Neeman H'Sheeshim Ou'Shenayim Ltd. (c)	Dec-31	Israel	100	-	100
SIG Combibloc S.r.l.	Dec-31	Italy	100	100	100
Closure Systems International Holdings (Japan) KK	Dec-31	Japan	100	100	100
Closure Systems International Japan, Limited	Dec-31	Japan	100	100	100
Closure Systems International (Korea), Ltd. (d)	Dec-31	Korea	100	51	100
Evergreen Packaging Korea Limited	Dec-31	Korea	100	100	100
SIG Combibloc Korea Ltd.	Dec-31	Korea	100	100	100
Beverage Packaging Holdings (Luxembourg) III S.à r.l.	Dec-31	Luxembourg	100	100	100
Closure Systems International (Luxembourg) S.à r.l. (e)	Dec-31	Luxembourg	-	100	-
Evergreen Packaging (Luxembourg) S.à r.l. (f)	Dec-31	Luxembourg	100	-	100
Reynolds Consumer Products (Luxembourg) S.à r.l. (e)	Dec-31	Luxembourg	-	100	-
Reynolds Group Issuer (Luxembourg) S.A.	Dec-31	Luxembourg	100	100	100
RGHL Escrow Issuer (Luxembourg) I S.A. (p)	Dec-31	Luxembourg	-	-	-
SIG Finance (Luxembourg) S.à r.l. (In liquidation)	Dec-31	Luxembourg	100	100	100
Bienes Industriales del Norte, S.A. de C.V.	Dec-31	Mexico	100	100	100
Central de Bolsas S. de R.L. de C.V. (c)	Dec-31	Mexico	100	-	100
CSI En Ensenada, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
CSI En Saltillo, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
CSI Tecniservicio, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Evergreen Packaging Mexico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Grupo Corporativo Jaguar, S.A. de C.V. (c)	Dec-31	Mexico	100	-	100
Grupo CSI de México, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Maxpack, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Middle America M.A., S.A. de C.V. (In liquidation)	Dec-31	Mexico	100	100	100
Pactiv Mexico, S. de R.L. de C.V. (c)	Dec-31	Mexico	100	-	100
Reynolds Metals Company de Mexico, S. de R.L. de C.V.	Dec-31	Mexico	100	100	100
Servicio Terrestre Jaguar, S.A. de C.V. (c)	Dec-31	Mexico	100	-	100
Servicios Industriales Jaguar, S.A. de C.V. (c)	Dec-31	Mexico	100	-	100
Servicios Integrales de Operacion S.A. de C.V. (c)	Dec-31	Mexico	100	-	100
SIG Combibloc México S.A. de C.V.	Dec-31	Mexico	100	100	100
SIG Simonazzi México S.A. de C.V. (In liquidation)	Dec-31	Mexico	100	100	100
Tecnicos de Tapas Innovativas, S.A. de C.V.	Dec-31	Mexico	100	100	100
Closure Systems International Nepal Private Limited	Jul-15	Nepal	76	76	76
Beverage Packaging Holdings (Netherlands) B.V.	Dec-31	Netherlands	100	100	100
Closure Systems International B.V.	Dec-31	Netherlands	100	100	100
Evergreen Packaging International B.V.	Dec-31	Netherlands	100	100	100
Pactiv Europe B.V. (c)	Dec-31	Netherlands	100	-	100
Reynolds Consumer Products International B.V.	Dec-31	Netherlands	100	100	100
Reynolds Packaging International B.V.	Dec-31	Netherlands	100	100	100

**Beverage Packaging Holdings Group**  
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	Reporting date	Country of incorporation	Ownership interest (%)		Voting interest (%)
			2010	2009	2010
SIG Combibloc B.V.	Dec-31	Netherlands	100	100	100
Whakatane Mill Limited (h)	Dec-31	New Zealand	100	-	100
Envases Panama, S.A.	Dec-31	Panama	100	100	100
Alusud Peru S.A.	Dec-31	Peru	100	100	100
Closure Systems International (Philippines), Inc.	Dec-31	Philippines	100	100	100
Omni Pac Poland SP.Z.O.O. (c)	Dec-31	Poland	100	-	100
SIG Combibloc SP. z.o.o.	Dec-31	Poland	100	100	100
SIG Combibloc S.R.L. (q)	Dec-31	Romania	-	100	-
CSI Vostok Limited Liability Company	Dec-31	Russia	100	100	100
OOO SIG Combibloc	Dec-31	Russia	100	100	100
Pactiv Asia Pte Ltd (c)	Dec-31	Singapore	100	-	100
Closure Systems International España, S.L.U.	Dec-31	Spain	100	100	100
Closure Systems International Holdings (Spain), S.A.	Dec-31	Spain	100	100	100
Reynolds Food Packaging Spain, S.L.U.	Dec-31	Spain	100	100	100
SIG Combibloc S.A.	Dec-31	Spain	100	100	100
SIG Combibloc AB	Dec-31	Sweden	100	100	100
SIG allCap AG	Dec-31	Switzerland	100	100	100
SIG Combibloc Procurement AG	Dec-31	Switzerland	100	100	100
SIG Combibloc (Schweiz) AG	Dec-31	Switzerland	100	100	100
SIG Combibloc Group AG (formerly SIG Holding AG)	Dec-31	Switzerland	100	100	100
SIG Finanz AG (i)	Dec-31	Switzerland	-	100	-
SIG Reinag AG	Dec-31	Switzerland	100	100	100
SIG Schweizerische Industrie-Gesellschaft AG	Dec-31	Switzerland	100	100	100
SIG Technology AG	Dec-31	Switzerland	100	100	100
Evergreen Packaging (Taiwan) Co. Limited	Dec-31	Taiwan	100	100	100
SIG Combibloc Taiwan Ltd.	Dec-31	Taiwan	100	100	100
SIG Combibloc Ltd.	Dec-31	Thailand	100	100	100
Closure Systems International Plastik İthalat İhracat Sanayi Ve Ticaret Limited Şirketi (r)	Dec-31	Turkey	100	-	100
SIG Combibloc Paketleme Ve Ticaret Limited Şirketi	Dec-31	Turkey	100	100	100
Baker's Choice Products, Inc.	Dec-31	U.S.A.	100	100	100
Blue Ridge Holding Corp.	Dec-31	U.S.A.	100	100	100
Blue Ridge Paper Products Inc.	Dec-31	U.S.A.	100	100	100
BRPP, LLC	Dec-31	U.S.A.	100	100	100
Closure Systems International Americas, Inc. (j)	Dec-31	U.S.A.	100	-	100
Closure Systems International Holdings Inc.	Dec-31	U.S.A.	100	100	100
Closure Systems International Inc.	Dec-31	U.S.A.	100	100	100
Closure Systems Mexico Holdings LLC	Dec-31	U.S.A.	100	100	100
Coast-Packaging Company (California General Partnership) (b)(c)	Dec-31	U.S.A.	50	-	50
Crystal Thermoplastics, Inc. (s)	Dec-31	U.S.A.	-	100	-
CSI Mexico LLC	Dec-31	U.S.A.	100	100	100
CSI Sales & Technical Services Inc.	Dec-31	U.S.A.	100	100	100
Evergreen Packaging Inc.	Dec-31	U.S.A.	100	100	100
Evergreen Packaging International (US) Inc.	Dec-31	U.S.A.	100	100	100
Evergreen Packaging USA Inc.	Dec-31	U.S.A.	100	100	100
Newspring Industrial Corp. (c)	Dec-31	U.S.A.	100	-	100
Pactiv Germany Holdings Inc. (c)	Dec-31	U.S.A.	100	-	100
Pactiv International Holdings Inc. (c)	Dec-31	U.S.A.	100	-	100
Pactiv Corporation (c)	Dec-31	U.S.A.	100	-	100
Pactiv Factoring LLC (c)	Dec-31	U.S.A.	100	-	100
Pactiv Management Company LLC (c)	Dec-31	U.S.A.	100	-	100
Pactiv North American Holdings LLC (c)	Dec-31	U.S.A.	100	-	100
Pactiv Retirement Administration LLC (c)	Dec-31	U.S.A.	100	-	100
Pactiv RSA LLC (c)	Dec-31	U.S.A.	100	-	100
PCA West Inc. (c)	Dec-31	U.S.A.	100	-	100
Prairie Packaging, Inc. (c)	Dec-31	U.S.A.	100	-	100
PWP Holdings, Inc. (c)	Dec-31	U.S.A.	100	-	100

**Beverage Packaging Holdings Group**  
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	Reporting date	Country of incorporation	Ownership interest (%)		Voting interest
			2010	2009	(%) 2010
PWP Industries, Inc. (c)	Dec-31	U.S.A.	100	-	100
Reynolds Acquisition Corporation (k)	Dec-31	U.S.A.	-	-	-
Reynolds Consumer Products Holdings Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Consumer Products, Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Flexible Packaging Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Foil Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Food Packaging LLC	Dec-31	U.S.A.	100	100	100
Reynolds Group Holdings Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Group Issuer Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Group Issuer LLC	Dec-31	U.S.A.	100	100	100
Reynolds Packaging Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Packaging Kama Inc.	Dec-31	U.S.A.	100	100	100
Reynolds Packaging LLC	Dec-31	U.S.A.	100	100	100
Reynolds Packaging Machinery Inc.(g)	Dec-31	U.S.A.	100	100	100
Reynolds Services Inc.	Dec-31	U.S.A.	100	100	100
RGHL US Escrow Holdings I Inc. (l)	Dec-31	U.S.A.	-	-	-
RGHL US Escrow I Inc. (m)	Dec-31	U.S.A.	-	-	-
RGHL US Escrow I LLC (n)	Dec-31	U.S.A.	-	-	-
SIG Combibloc Inc.	Dec-31	U.S.A.	100	100	100
SIG Holding USA, Inc.	Dec-31	U.S.A.	100	100	100
Southern Plastics, Inc.	Dec-31	U.S.A.	100	100	100
The Corinth and Counce Railroad Company (c)	Dec-31	U.S.A.	100	-	100
Ultra Pac, Inc.	Dec-31	U.S.A.	100	100	100
Alpha Products (Bristol) Limited (c)	Dec-31	United Kingdom	100	-	100
Closure Systems International (UK) Limited	Dec-31	United Kingdom	100	100	100
IVEX Holdings, Ltd.	Dec-31	United Kingdom	100	100	100
J. & W. Baldwin (Holdings) Limited (c)	Dec-31	United Kingdom	100	-	100
Kama Europe Limited	Dec-31	United Kingdom	100	100	100
Omni-Pac UK Limited (c)	Dec-31	United Kingdom	100	-	100
Pactiv (Caerphilly) Limited (c)	Dec-31	United Kingdom	100	-	100
Pactiv (Films) Limited (c)	Dec-31	United Kingdom	100	-	100
Pactiv (Stanley) Limited (In liquidation) (c)	Dec-31	United Kingdom	100	-	100
Pactiv Limited (In liquidation) (c)	Dec-31	United Kingdom	100	-	100
Reynolds Consumer Products (UK) Limited	Dec-31	United Kingdom	100	100	100
Reynolds Subco (UK) Limited	Dec-31	United Kingdom	100	100	100
SIG Combibloc Limited	Dec-31	United Kingdom	100	100	100
SIG Holdings (UK) Ltd.	Dec-31	United Kingdom	100	100	100
The Baldwin Group Ltd. (c)	Dec-31	United Kingdom	100	-	100
Alusud Venezuela S.A.	Dec-31	Venezuela	100	100	100
Envases Internacional, S.A. (o)	Dec-31	Venezuela	-	51	-
SIG Vietnam Ltd.	Dec-31	Vietnam	100	100	100

- (a) Incorporated on May 21, 2010.
- (b) The Group has control as it has the power to govern the financial and operating policies of the entity.
- (c) Acquired as part of the Pactiv Acquisition on November 16, 2010.
- (d) The Group acquired the remaining 49% of the issued capital of the entity on August 9, 2010.
- (e) Merged into Beverage Packaging Holdings (Luxembourg) III S.a.r.l. on December 21, 2010.
- (f) Incorporated on April 15, 2010.
- (g) Changed name to Closure Systems International Packaging Machinery, Inc on March 17, 2011.
- (h) Acquired on April 23, 2010 from a related entity, Carter Holt Harvey Limited.
- (i) Merged into SIG Combibloc Group AG on June 15, 2010.
- (j) Acquired on February 1, 2010.
- (k) Incorporated on August 11, 2010 and subsequently merged into Pactiv Corporation on November 16, 2010.
- (l) Incorporated on September 24, 2010 and subsequently merged into Reynolds Group Holdings Inc. on November 16, 2010.
- (m) Incorporated on September 24, 2010 and subsequently merged into Reynolds Group Issuer Inc. on November 16, 2010.
- (n) Incorporated on September 27, 2010 and subsequently merged into Reynolds Group Issuer LLC on November 16, 2010.
- (o) Disposed of on April 16, 2010.
- (p) Incorporated on October 1, 2010 and subsequently merged into Reynolds Group Issuer (Luxembourg) S.A. on November 16, 2010.
- (q) Liquidated and dissolved effective December 31, 2010.
- (r) Incorporated on May 3, 2010.
- (s) Merged into Reynolds Packaging Inc. effective January 21, 2010.

**Beverage Packaging Holdings Group**  
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**33. Business combinations under common control**

**2010**

On May 4, 2010, the Group acquired the business operations of Evergreen from subsidiaries of Rank Group Limited. At the time of this transaction, both the Group and Evergreen were ultimately 100% owned by Mr. Graeme Hart. The original acquisitions of the Evergreen businesses were completed between January 31, 2007 and August 1, 2007.

On September 1, 2010, the Group acquired the operations of the Reynolds foodservice packaging business from subsidiaries of Reynolds (NZ) Limited ("Reynolds (NZ)"). At the time of this transaction, both the Group and Reynolds (NZ) were ultimately 100% owned by Mr. Graeme Hart. The original acquisition of the Reynolds foodservice packaging businesses was completed on February 29, 2008.

The following table shows the effect of the legal consummation of the acquisitions of Evergreen and the Reynolds foodservice packaging business as of their respective dates of acquisition by the Group:

<b>(In \$ million)</b>	<b>Evergreen</b>	<b>Reynolds Foodservice</b>	<b>Total</b>
Consideration paid in cash*	1,582.0	297.0	1,879.0
Plus working capital adjustments	30.1	44.0	74.1
Total consideration	1,612.1	341.0	1,953.1
Book value of share capital of the acquired businesses	(712.8)	(192.7)	(905.5)
<b>Difference between total consideration and net book value of share capital of acquired businesses**</b>	<b>899.3</b>	<b>148.3</b>	<b>1,047.6</b>

**2009**

On November 5, 2009, the Group acquired the business operations of the Closures segment and the Reynolds consumer products business from subsidiaries of Reynolds (NZ). At the time of this transaction, both the Group and Reynolds (NZ) were ultimately 100% owned by Mr. Graeme Hart. The original acquisition of the Closures and Reynolds consumer products business was substantially completed on February 29, 2008. As at November 5, 2009, the effect of the legal consummation of the acquisition was as follows:

<b>(In \$ million)</b>	<b>Book value on acquisition</b>
Consideration paid in cash*	1,687.3
Plus working capital adjustments	5.0
Total consideration	1,692.3
Net book value of share capital of the acquired businesses	(1,107.9)
<b>Difference between total consideration and net book value of share capital of the acquired businesses**</b>	<b>584.4</b>

\* The Group has accounted for the acquisitions under the principles of common control. As a result, the cash acquired as part of the acquisitions is already included in the Group's cash balance and does not form part of the net cash outflow. Further, the results of operations of the businesses acquired are included in the statements of comprehensive income from January 31, 2007 for Evergreen, and from February 29, 2008 for the Closures, Reynolds consumer products and Reynolds foodservice packaging businesses.

\*\* In accordance with the Group's accounting policy for acquisitions under common control, the difference between the share capital of the acquired businesses and the consideration paid has been recognized directly in equity as part of other reserves.

**34. Business combinations**

**Pactiv Corporation**

On November 16, 2010, the Group acquired 100% of the outstanding common stock of Pactiv Corporation ("Pactiv") for a purchase price of \$4,452.0 million (the "Pactiv Acquisition"). The consideration was paid in cash. There is no contingent consideration payable.

Pactiv is a leading manufacturer of consumer and foodservice packaging products in the United States. The acquisition of Pactiv brings together two consumer and foodservice packaging platforms. The combination increases the Group's product, geographic and customer diversification and creates an extensive and diverse distribution network. The Group's and Pactiv's products are complementary, providing the combined Group with opportunities to generate incremental revenue through cross-selling and category expansion. The Group also expects to realize significant cost savings by consolidating facilities, eliminating duplicate operations, improving supply chain management and achieving other efficiencies.

Funding for the purchase consideration and the refinancing of certain Pactiv borrowings that were acquired was provided through a combination of additional borrowings, additional equity and existing cash.

The preliminary values of assets, liabilities and contingent liabilities recognized on acquisition are their estimated fair values. The fair values of all of the items listed below have been determined on a provisional basis, reflecting the proximity of the acquisition to the year end and the date of issuance of these financial statements. For details on how fair values were determined see note 5.

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(In \$ million)	Preliminary values on acquisition
Cash and cash equivalents, net of bank overdrafts	91.3
Trade and other receivables	472.3
Current tax assets	54.7
Deferred tax assets	26.7
Inventories	547.4
Property, plant and equipment	1,434.0
Intangible assets (excluding goodwill)	3,199.9
Other current and non-current assets	59.5
Trade and other payables	(419.0)
Borrowings	(1,482.3)
Deferred tax liabilities	(1,068.6)
Employee benefits	(998.8)
Provisions	(77.1)
<b>Net assets acquired</b>	<b>1,840.0</b>
Non-controlling interests	(18.1)
Goodwill on acquisition	2,630.1
<b>Net assets acquired</b>	<b>4,452.0</b>
Consideration paid in cash	4,452.0
Net cash acquired	(91.3)
<b>Net cash outflow</b>	<b>4,360.7</b>

Acquisition-related costs of \$9.5 million are included in other expenses in the statement of comprehensive income for the period ended December 31, 2010.

The provisional fair value of trade receivables is \$472.3 million. The gross contractual amount for trade receivables due at acquisition was \$517.2 million, of which \$44.9 million is expected to be uncollectible.

The provisional goodwill recognized on the acquisition is attributable mainly to the skill of the acquired work force and the synergies expected to be achieved from combining Pactiv into the Group. Except for \$513.6 million, the remaining goodwill recognized is not expected to be deductible for income tax purposes.

Prior to the acquisition, Pactiv reported under US GAAP. Accordingly it is not practical to illustrate the provisional impact that the preliminary fair value adjustments had on the historical acquisition date values of assets and liabilities.

Pactiv contributed revenues of \$480.8 million, loss from operating activities of \$24.9 million, EBITDA of \$10.1 million and adjusted EBITDA of \$88.5 million to the Group for the period from November 16, 2010 to December 31, 2010. If the acquisition had occurred on January 1, 2010, management estimates that Pactiv would have contributed additional revenue of \$3,198.2 million, additional profit from operating activities of \$284.9 million, additional EBITDA of \$454.1 million and additional adjusted EBITDA of \$566.3 million.

Following the Pactiv Acquisition the Group has repaid \$397.4 million of borrowings assumed on acquisition. As set out in note 26(s) \$235.0 million in principal of Pactiv Notes were redeemed with redemption premiums of \$2.4 million. In addition, a securitization arrangement with an outstanding facility of \$130.0 million and a short term revolving credit loan of \$30.0 million were repaid.

**Closure Systems International Americas, Inc.**

On February 1, 2010, the Group purchased 100% of the issued capital of Obrist Americas, Inc., a U.S. manufacturer of plastic non-dispensing screw closures for carbonated soft drinks and water containers. Total consideration for the acquisition was \$36.2 million and was paid in cash. The acquired company was subsequently renamed Closure Systems International Americas, Inc. ("CSI Americas").

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This acquisition had the following effect on the Group's assets and liabilities at the acquisition date:

(In \$ million)	Recognized values on acquisition
Cash and cash equivalents	10.8
Trade and other receivables	3.0
Inventories	10.7
Other current assets	0.1
Deferred tax assets	10.8
Property, plant and equipment	14.6
Intangible assets (excluding goodwill)	3.6
Trade and other payables	(7.0)
Provisions	(0.3)
Employee benefits	(0.3)
Net assets acquired	46.0
Difference between net assets acquired and consideration paid	(9.8)
Consideration paid, settled in cash	36.2
Cash acquired	(10.8)
<b>Net cash outflow</b>	<b>25.4</b>

The acquisition of CSI Americas contributed revenue of \$51.6 million and a net profit of \$3.4 million to the Group for the period ended December 31, 2010. If the purchase had occurred on January 1, 2010, management estimates that CSI Americas would have contributed additional revenue of \$3.8 million, additional EBITDA of \$2.6 million and additional profit after tax of \$1.1 million.

**Alcoa Inc's packaging and consumer divisions**

On February 29, 2008 subsidiaries of Reynolds (NZ) Limited, a company related by common ultimate control, commenced the acquisition of the global operations and assets of Alcoa's P & C divisions. As disclosed in note 33, the Group acquired the Closures and Reynolds consumer products businesses on November 5, 2009 and the Reynolds foodservice packaging business on September 1, 2010. In accordance with the Group's accounting policy for acquisition of businesses under common control, the acquisition has been accounted for by the Group from February 29, 2008.

The purchase price for the P & C divisions' operations and assets was \$2,700.0 million (before capitalized acquisition costs) and was funded via the drawdown of \$1,530.0 million under a senior credit facility and the issuance of share capital of NZ\$1,545.1 million (\$1,250.1 million). At the date of the transaction, certain closing price adjustments relating to working capital were unable to be quantified. These adjustments were subsequently settled between the parties. As a result of this settlement, the total purchase consideration decreased by \$47.2 million to \$2,652.8 million. Included within the total purchase consideration paid of \$2,737.3 million was \$73.0 million paid by a related entity, which is not part of the Group, for businesses acquired from Alcoa.

This acquisition included 100% of the shares of those entities comprising the P & C divisions except in the following instances:

- Closure Systems International Nepal Private Limited – 76.0% of the shares.
- Closure Systems International (Korea) Ltd – 51.0% of the shares.
- Gulf Closures W.L.L. – 49.0% of the shares. While the minority interest holder legally holds 51.0% of the shares, it has a 25% economic interest in Gulf Closures W.L.L.

The acquisition included the following asset purchases:

- The assets of three foil manufacturing facilities in the United States were purchased by Reynolds Foil Inc.
- Closure manufacturing facilities in Canada were purchased by Closure Systems International (Canada) Limited.
- The assets of a Closure Systems facility in the United Kingdom were purchased by Closure Systems International (UK) Limited.

Approximately 90% of the acquisition was completed on February 29, 2008. Due to the size of the transaction and certain regional approval requirements, the residual elements of the transaction were completed progressively after this date.

This acquisition had the following effect on the Group's assets and liabilities at their acquisition date:

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(In \$ million)	Recognized values on acquisition
Cash and cash equivalents	20.7
Trade and other receivables	450.8
Inventories	502.8
Property, plant and equipment	803.9
Intangible assets	920.9
Investment in associates	3.8
Trade and other payables	(579.9)
Deferred tax liabilities	(207.9)
Non-controlling interests	(10.5)
Net identifiable assets and liabilities	1,904.6
Goodwill	785.5
	2,690.1
Consideration paid in cash*	2,737.3
Working capital adjustments	(47.2)
	2,690.1
Less cash acquired	(20.7)
Plus adjustment for non-cash reallocation of purchase consideration	3.5
Less consideration paid by related entity	(73.0)
<b>Net cash outflow</b>	<b>2,599.9</b>

If the acquisition had occurred on January 1, 2008, the businesses acquired would have contributed an additional \$521.9 million of revenue and an additional \$30.6 million in EBITDA\*\* (being the results of operations from the period January 1, 2008 to February 29, 2008). In addition, for those businesses where control was obtained after the initial closing date, an additional \$4.8 million of EBITDA would have been contributed to the results for the period ended December 31, 2008.

\* Consideration includes \$37.3 million of capitalized acquisition costs paid and \$73.0 million paid by a related entity.

\*\* Due to the post acquisition restructuring of the Group, disclosure of the profit and loss (pre and post tax) is impractical.

**CSI Guadalajara**

On September 23, 2008 a subsidiary of Closures acquired all of the shares of Tecnicos de Tapas Innovativas, S.A. de C.V. and Bienes Industriales del Norte, S.A. de C.V. from Ixe Banco, S.A. and Metalpack S.A. de C.V. In accordance with the Group's accounting policy for common control transactions, the acquisition has been accounted for by the Group from September 23, 2008.

The purchase price for these operations was \$14.5 million, net of working capital adjustments, which was funded by cash from within the Group.

This acquisition had the following effect on the Group's assets and liabilities at their acquisition date:

(In \$ million)	Recognized values on acquisition
Cash and cash equivalents	1.0
Trade and other receivables	5.0
Inventories	2.8
Property, plant and equipment	8.5
Deferred tax assets	2.9
Other current and non-current assets	2.9
Trade and other payables	(5.9)
Net identifiable assets and liabilities	17.2
Goodwill	-
	17.2
Consideration paid in cash	17.2
Working capital adjustments, received in 2009	(2.7)
	14.5
Less cash acquired	(1.0)
<b>Net cash outflow</b>	<b>13.5</b>

If the acquisition had occurred on January 1, 2008, the business would have contributed an additional \$25.2 million of revenue and an additional \$1.9 million in EBITDA for the period ended December 31, 2008. Due to the post acquisition restructuring of the Group, disclosure of the profit and loss (pre and post tax) is impractical.

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**35. Operating leases**

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

(In \$ million)	As at December 31	
	2010	2009
Less than one year	69.4	30.2
Between one and five years	145.6	66.3
More than five years	78.9	19.4
<b>Total</b>	<b>293.9</b>	<b>115.9</b>

During the period ended December 31, 2010 \$51.2 million was recognized as an expense in the statement of comprehensive income as a component of the profit or loss in respect of operating leases (2009: \$49.8 million; 2008: \$47.5 million).

Leases as lessor

The SIG Combibloc segment leases out its filling machines held under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

(In \$ million)	As at December 31	
	2010	2009
Less than one year	13.1	11.6
Between one and five years	30.9	23.4
More than five years	2.7	0.7
<b>Total</b>	<b>46.7</b>	<b>35.7</b>

During the period ended December 31, 2010 \$21.4 million was recognized as revenue in the statement of comprehensive income (2009: \$17.4 million; 2008: \$17.2 million).

**36. Capital commitments**

As at December 31, 2010, the Group had entered into contracts to incur capital expenditure of \$94.8 million (2009: \$32.5 million) for the acquisition of property, plant and equipment. These commitments are expected to be settled in the following financial year.

**37. Contingencies**

(In \$ million)	As at December 31	
	2010	2009
Contingent liabilities	30.5	32.0

The contingent liabilities primarily arise from the guarantees given to banks granting credit facilities to the Group's joint venture company SIG Combibloc Obeikan Company Limited, in Riyadh, Kingdom of Saudi Arabia.

**Litigation and legal proceedings**

The Group is subject to litigation in the ordinary course of operations, for which a provision has been recognized in the statement of financial position as at December 31, 2010. The Group does not believe that it is engaged in any other legal proceedings for which provision has not been made which would be likely to have a material effect on its business, financial position or results of operations.

**Security and guarantee arrangements**

Certain members of the Group have entered into guarantee and security arrangements in respect of the Group's indebtedness as described in note 26.

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**38. Subsequent events**

**2011 Notes and 2009 Credit Agreement**

On February 1, 2011, the Reynolds Issuers issued \$1.0 billion principal amount of 6.875% senior secured notes due 2021 and \$1.0 billion principal amount of 8.250% senior notes due 2021 (collectively the "2011 Notes"). Interest on the 2011 Notes is paid semi-annually on February 15 and August 15 each year, commencing August 15, 2011. All of the guarantors of the 2009 Credit Agreement have guaranteed or will guarantee the obligations under the 2011 Notes, to the extent permitted by law.

The proceeds from the 2011 Notes were used to repay the Tranche D Term Loan under the 2009 Credit Agreement. As a result of such repayment, unamortized debt issuance costs of \$29.0 million and unamortized original issue discount of \$14.8 million were expensed in 2011. The remaining proceeds have been or will be used for general corporate purposes, which may include financing future acquisitions and repaying additional indebtedness.

On February 9, 2011 the 2009 Credit Agreement was amended and restated. Pursuant to the amendments term tranches of \$2,325.0 million ("US Tranche") and €250.0 million ("EUR Tranche") were borrowed. The proceeds were used to fully repay the Tranche A Term Loan, the Tranche B Term Loan, the Tranche C Term Loan, the European Term Loan, and the partial payment of accrued interest and related fees and expenses. As a result of such repayment, unamortized debt issuance costs of \$57.0 million and original issue discount of \$22.8 million were expensed in 2011. Both the US Tranche and EUR Tranche mature on February 9, 2018 with quarterly principal amortization payments of 0.25% per quarter. The US Tranche incurs interest at LIBOR plus a margin of 3.25%, with a floor of 1.00%. The EUR Tranche incurs interest at LIBOR plus a margin of 3.50%, with a floor of 1.5%. All of the entities that guaranteed the 2009 Credit Agreement have guaranteed or will guarantee the US Tranche and the EUR Tranche.

**Dopaco Acquisition**

On May 2, 2011 the Group acquired Dopaco Inc. and Dopaco Canada Inc. (collectively "Dopaco") from Cascades Inc. Dopaco is a leading manufacturer of paper cups and folding cartons for the quick-service restaurant and food service industries. The consideration for the acquisition paid at closing was \$398.1 million in cash, subject to customary adjustments for net debt and working capital, which are not yet finalized. The consideration was financed from the existing cash of the Group. The combination of the Group's existing distribution network with Dopaco's business will improve its product range to a wider customer base. The acquired business will be combined into the Pactiv Foodservice segment.

Dopaco is currently finalizing the opening balance sheet. The Group is also undertaking fair value appraisals and the conversion of Dopaco's accounts from U.S. GAAP to IFRS.

**Graham Packaging Acquisition**

On June 17, 2011, the Group entered into an Agreement and Plan of Merger to acquire Graham Packaging Company Inc. ("Graham Packaging"). Under the terms of the Agreement and Plan of Merger (as amended), the Group will pay \$25.50 per Graham Packaging share (in cash). The price to be paid pursuant to the Agreement and Plan of Merger (as amended) represents a total enterprise value, including net debt, of approximately \$4.5 billion. Graham Packaging is a leading global supplier of value-added rigid plastic containers for the food, specialty beverage and consumer products markets. The transaction is subject to certain regulatory approvals and customary closing conditions and is currently expected to close in the second half of 2011. The Group has incurred \$20.0 million of costs related to the acquisition of Graham Packaging, and expects to incur additional costs in the future. All acquisition costs will be expensed in the Group's statement of comprehensive income.

The Group expects to finance the purchase of the shares, the repayment of certain of Graham Packaging's existing indebtedness and associated transaction costs with up to \$5.0 billion of new indebtedness and existing cash.

On June 17, 2011, the Group entered into committed financing arrangements of up to \$5.0 billion. As a result of entering into these arrangements, the Group has incurred finance commitment fees of \$67.5 million, of which \$25.0 million has been expensed in the Group's statement of comprehensive income and \$42.5 million has been deferred as a non-current asset in the Group's statement of financial position. Additional financing fees may be incurred once permanent financing for the acquisition has been finalized.

**Restructuring initiatives**

In the period since December 31, 2010, the Group has continued to integrate the operations of Pactiv with the Reynolds Consumer Products and Pactiv Foodservice segments. Certain restructuring initiatives have been announced. These initiatives have triggered the recognition of \$49.8 million of restructuring expenses subsequent to December 31, 2010. Further restructuring expenses may be incurred.

**Other**

In June 2011, the Group decided to sell certain investment properties within the SIG segment. This resulted in a reclassification of \$52.6 million of assets from investment properties to assets held for sale in the Group's statement of financial position as of June 30, 2011.

Other than the items disclosed above, there have been no events subsequent to December 31, 2010 which would require accrual or disclosure in these financial statements.