Beverage Packaging Holdings Group

Unaudited half year report for the six month period ended June 30, 2009

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Beverage Packaging Holdings Group

Introduction

This information is being provided under the terms of the Senior Notes Indenture dated as at June 29, 2007 for the issuance of €480 million 8% Senior Notes due 2016 (the "Senior Notes") among Beverage Packaging Holdings (Luxembourg) II S.A. ("BP II" or the "Issuer"), Rank Group Holdings Limited ("RGHL"), as an Initial Guarantor, the other Senior Note Guarantors (as defined therein), The Bank of New York as Trustee and the other parties thereto, and the Senior Subordinated Notes Indenture dated as at June 29, 2007 for the issuance of €420 million 9½% Senior Subordinated Notes due 2017 (the "Senior Subordinated Notes" and, together with the Senior Notes, the "Notes") among BP II, RGHL, the other Subordinated Guarantors (as defined therein), The Bank of New York as Trustee and the other parties thereto.

The financial information contained herein relates to the financial information for BP II combined with Beverage Packaging Holdings (Luxembourg) I S.A. ("BP I") and its subsidiaries, including Beverage Packaging Holdings (Luxembourg) III S.à r.l. ("BP III") and SIG Combibloc Group AG (formerly SIG Holding AG) and its subsidiaries ("SIG"). The combined Group is collectively referred to as the Beverage Packaging Holdings Group (the "combined Group").

The interim unaudited condensed combined financial statements contained in this half year report have been prepared in accordance with International Accounting Standards and other authoritative announcements as issued by the International Accounting Standards Board. You should read this interim financial report in conjunction with the December 31, 2008 Annual Financial Report of the Beverage Packaging Holdings Group, available on the website www.bevpackholdings.com, as well as any public announcements in relation to BP I or BP II after December 31, 2008 available on that website or on the Irish Stock Exchange website, www.ise.ie. The information on the foregoing websites is not incorporated by reference herein and the addresses are included as inactive textual references only.

The interim unaudited condensed combined financial statements contained in this half year report relate to the financial statements for the combined Group as at December 31, 2008 and June 30, 2009 and for the three and six months ended June 30, 2009 and 2008. The interim unaudited condensed combined financial statements for the combined Group contained herein include all adjustments necessary for the fair presentation of the information included therein in accordance with IFRS and consistent with the audited financial statements of the combined Group as at and for the year ended December 31, 2008.

The interim unaudited condensed combined financial statements contained in this half year report have been prepared under the historical cost conventions, except for assets held-for-sale, which are measured at the lower of carrying value and fair value less costs to sell, available for sale financial assets and derivatives which are measured at fair value and certain components of inventory which are measured at net realisable value.

BP I and BP II were both incorporated on May 4, 2007.

BP II's financial information includes for all periods and dates presented the impact of:

- the incorporation of BP II; and
- the issuance of the Notes.

BP I's financial information includes for all periods and dates presented the impact of:

- the incorporation and capitalisation of BP I, including debt drawn down under Senior Credit Facilities (see Note 17 of the interim unaudited condensed combined financial statements included herein);
- the use of proceeds from the issuance of the Notes to repay the Senior Subordinated Bridge Facility (see Note 17 of the interim unaudited condensed combined financial statements included herein) and reduce the amounts outstanding under the Senior Credit Facilities; and
- the acquisition of SIG by BP III, including the repayment of certain of SIG's indebtedness.

As at June 30, 2009, BP I indirectly through BP III, held 100% of the shares of SIG Combibloc Group AG.

Beverage Packaging Holdings Group
Certain definitions

In this half year report:

- "€" or "EUR" or "Euro" refers to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

- "BP I" refers to Beverage Packaging Holdings (Luxembourg) I S.A., a sister company of the Issuer and a direct subsidiary of RGHL. BP I is a guarantor of the Notes and a borrower and guarantor of the Senior Credit Facilities.

- "BP II" or the "Issuer" refers to Beverage Packaging Holdings (Luxembourg) II S.A., a sister company of BP I and a direct subsidiary of RGHL. BP II does not guarantee the Senior Credit Facilities.

- "BP III" refers to Beverage Packaging Holdings (Luxembourg) III S.à r.l., a direct subsidiary of BP I. BP III is a guarantor of the Notes and a borrower and guarantor of the Senior Credit Facilities.

- "Beverage Packaging Holdings Group" or the "combined Group" refers to BP I and its consolidated subsidiaries together with the Issuer.

- "EBITDA" refers to a measure used by our management to measure operating performance and is defined as profit (loss) from continuing operations plus income tax expenses (benefits), net financial expenses, depreciation of property, plant and equipment and amortisation of intangible assets, less profit attributable to minority interests. It is not a measurement of our financial performance or liquidity under IFRS and should not be considered as a substitute for profit (loss) from continuing operations, or any other performance measures derived in accordance with IFRS or as a substitute for cash flow from operating activities as a measure of our liquidity. We believe that the inclusion of this measure is appropriate to provide additional information to investors about our operating performance and to provide a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. Because not all companies calculate EBITDA identically, this presentation of EBITDA may not be comparable to other similarly titled measures in other companies.

- "E.U." refers to the European Union.

- "GAAP" refers to Generally Accepted Accounting Principles under IFRS.

- "Historical Adjusted EBITDA" refers to EBITDA adjusted for particular items relevant to explaining operating performance. These adjustments include significant items of a non-recurring or unusual nature that cannot be attributed to normal business operations, restructuring and employee termination costs, gains and losses in relation to the valuation of derivatives and profit attributable to joint ventures net of cash distributions received from joint ventures. The calculation of Historical Adjusted EBITDA in this half year report is the same as the calculation of EBITDA under the Notes.

- "IASB" refers to the International Accounting Standards Board.

- "IFRS" refers to International Financial Reporting Standards as issued by the IASB.

- "Notes" refers to the Senior Notes and the Senior Subordinated Notes.

- "PE" refers to polyethylene

- "PET" refers to polyethylene terephthalate

- "proceeds loans" refers to the loans made on the issue date of the Notes by the Issuer to BP I using the proceeds of the issue of the Notes.

- "RGHL" refers to Rank Group Holdings Limited, the parent company of the Issuer.

- "Rank Group" refers to Rank Group Limited, our strategic owner. Rank Group is a private company based in New Zealand that is wholly owned by Mr. G.R. Hart.

- "Senior Credit Facilities" refers to the senior credit facilities made available under the senior credit facilities agreement dated May 11, 2007 among BP I, RGHL, BP III, Credit Suisse, as mandated lead arranger, the financial institutions listed therein and Credit Suisse, as agent, security trustee and issuing bank.

- "Senior Notes" refers to the €480 million 8% senior notes due 2016.

- "Senior Subordinated Bridge Facility" refers to the €770 million bridge facility made available under a senior subordinated bridge facility agreement dated May 11, 2007 among BP I, RGHL, BP III, Credit Suisse as mandated lead arranger, the financial institutions listed therein as lenders and Credit Suisse, as agent and security trustee.

- "Senior Subordinated Notes" refers to the €420 million 9½% senior subordinated notes due 2017.

- "SIG" refers to SIG Combibloc Group AG (formerly SIG Holding AG) and its subsidiaries.

- "interim unaudited condensed combined financial statements" refers to the interim unaudited condensed combined financial statements for the combined Group for the six month period ended June 30, 2009.

- "we," "us," "our," and other similar terms refer to the combined Group, unless expressly stated or the context otherwise requires.

Presentation of financial information

Unless otherwise indicated, financial information in this half year report has been prepared in accordance with IFRS as issued by the IASB. IFRS as issued by the IASB differs in certain respects from IFRS as adopted by the E.U. However, we do not believe that the interim unaudited condensed combined financial statements for the periods presented would be different had they been prepared in accordance with IFRS as adopted by the E.U.

In this half year report, we utilise certain non-IFRS and non-U.S. GAAP financial measures and ratios, including EBITDA and Historical Adjusted EBITDA, each with the meanings and as calculated as set forth in "Certain Definitions" and "Operating and financial review and prospects," as well as leverage and coverage ratios. These measures are presented as we believe that they and similar measures are widely used in the industry in which we operate as a means of evaluating a company's operating performance and financing structure. They may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS, U.S. GAAP or other generally accepted accounting principles, nor should they be considered as substitutes for the information contained in the financial statements included in this half year report.

The financial information included in this half year report is not intended to comply with SEC reporting requirements. Compliance with such requirements may require the modification, reformulation or exclusion of certain financial measures, including EBITDA and Historical Adjusted EBITDA. In addition, changes or additional information would be required in our financial statement presentation, including the provision of financial information for the guarantors of the Notes. Any such changes or additions could be material.

Some financial information in this half year report has been rounded and, as a result, the figures shown as totals in this half year report may vary slightly from the exact arithmetic aggregation of the figures that precede them.

Cautionary statement regarding forward-looking statements

This half year report contains disclosures which are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include any statements that are not historical fact, particularly statements regarding our goals, beliefs, plans or current expectations, taking into account the information currently available to our management. Forward-looking statements are not statements of historical fact. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, acquisitions and other information that does not relate solely to historical or current facts. When used in this document, forward-looking statements can be identified by the use of words such as "may,'' "will,'' "projects,'' "plan,'' "anticipates,'' "believes,'' "expects,'' "intends'' or "continue". We have based these forward-looking statements on our management's current view with respect to future events, economic and industry trends and financial performance. These views reflect the best judgment of our management but involve a number of risks and uncertainties which could cause actual results to differ materially from those predicted in our forward-looking statements and from past results, performance or achievements. Although we believe that the estimates and the projections reflected in the forward-looking statements are reasonable, such estimates and projections may prove to be incorrect, and our actual results may differ from those described in our forward-looking statements as a result of the following risks, uncertainties and assumptions. Accordingly, investors should not place undue reliance on our forward-looking statements.

These include but are not limited to:

- risks related to the cost of our key raw materials (including the associated transportation costs) being polyethylene and aluminium and the limited number of suppliers we presently have for those materials;
- risks related to the consolidation of our customer base, competition and pricing pressure;
- risks related to our exposure to environmental liabilities and changes in legislation;
- risks related to our dependence on key management and other highly skilled personnel;
- risks related to exchange rate fluctuations;
- risks associated with the worldwide economic slowdown and related uncertainties;
- risks related to our dependence on the protection of our intellectual property and the development of new technologies; and
- risks relating to other factors discussed in this half year report, including in the section entitled "Risk factors".

The risks described in the "Risk factors" section in this half year report are not exhaustive. Other sections of this half year report describe additional factors that could adversely affect our business, financial condition and results of operations.

Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or to the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date hereof. 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 and contained elsewhere in this half year report.

Risk factors

You should carefully consider the following risk factors, in addition to the other information presented in this half year report in evaluating our business. Any of the following risks, as well as other risks and uncertainties, could harm our business and financial results and cause the value of the Notes to decline; which in turn could cause you to lose all or part of your investment. The risks below are not the only ones facing us. Additional risks not currently known to us or that we currently deem immaterial may also impair our business.

Our business and financial performance may be harmed by future increases in raw material and freight costs.

Raw material costs historically have represented about one-half of our revenue, so significant changes in raw material prices will impact our results of operations. The primary raw materials for our aseptic carton packaging business are cartonboard, aluminium foil and PE resin, which are used to manufacture carton sleeves. The primary raw material for the construction of filling machines is stainless steel. Aluminium foil, PE resin and stainless steel are all commodities that are subject to cyclical price fluctuations. For example, in recent years the price of PE resin, which has historically been correlated with global oil prices, increased significantly. PE resin prices reached a record high price in October 2008, declined between November 2008 and February 2009 and have stabilised since March 2009. Consistent with the trend in commodity markets, aluminium prices increased significantly in 2007 and 2008, although since the end of 2008 they have shown a declining trend. Prices for cartonboard are fixed through fixed price contracts and are adjusted annually for inflation.

We are also dependent on third parties for the transportation of our raw materials as well as the products we sell. In certain jurisdictions we are exposed to import duties and freight costs which are influenced by the fluctuating costs of fuel oil and impacted by changes in global oil prices.

Raw materials and freight costs comprise a significant portion of our costs. Accordingly, the cyclical nature of such commodity pricing and freight costs presents a potential risk to our margins because we purchase our PE resin and aluminium requirements through contracts tied to market prices and are not able to fully hedge our purchases. We generally are not able to pass on price increases to our customers on a timely basis (if at all) and so do not always recover the lost margins from price increases. Our contracts do not provide for price adjustment mechanisms that allow us to pass through changes in raw material prices to our customers. Due to differences in timing between our sales to customers and purchase of raw materials from suppliers, there is often a lead-lag impact during which margins are negatively impacted for the short term in periods of rising raw material prices and positively impacted in periods of falling material prices. Since 2004 and up to the second half of 2008, our gross margins have been adversely impacted by increases in raw material costs, particularly PE resin and, from 2007 until the second half of 2008, aluminium. Moreover, an increase in the selling prices for the products we produce resulting from a pass-through of increased raw material costs or freight costs could have an adverse impact on the volume of units we sell and decrease our revenue.

We depend on a small number of suppliers for our raw materials and any interruption in our supply of raw materials would harm our business and financial performance.

A number of our raw material requirements, including cartonboard, aluminium and PE resin, are sourced from a relatively small number of suppliers. As a consequence, we are highly dependent on these producers for an uninterrupted supply of our key raw materials. Such supply could be disrupted for a wide variety of reasons, many of which are beyond our control. Any interruption in the supply of raw materials could have an adverse impact on our business and results of operations.

Our business and financial performance may be adversely affected by downturns in the target markets that we serve.

Demand for our products in the principal end-use markets we serve is primarily driven by consumer consumption of the products sold in the packages we produce. General economic conditions affect consumption in our primary end-use markets, including the beverage products, such as milk, other dairy products, juices and other non-carbonated soft drinks market, as well as the liquid food market. Downturns or periods of economic weakness or increased prices in these consumer markets could result in decreased demand for our products. In particular, our business could be adversely affected by any economic downturn that results in difficulties for any of our major customers. These conditions are beyond our control and may have an impact on our sales and results of operations. Recent macro-economic issues involving the broader financial markets, including the housing and credit systems and general liquidity issues in the securities markets, have negatively impacted the economy and may negatively affect our growth. In addition, weak economic conditions and declines in consumer spending and consumption may harm our operating results. An example of this was seen in the later part of 2008 in China, where melamine contamination impacted a significant number of milk products. As a result, consumer confidence within the Chinese market significantly declined resulting in a downturn in milk sales. Another example of this can be seen in Russia where the current economic downturn has significantly reduced the demand for liquid packaging in the juice segment.

Increased competition could reduce our sales and profitability and adversely affect our financial condition and results of operations.

Competition in the aseptic carton packaging business is effectively limited to a small number of major producers, only one of which we believe competes in terms of sales volume and product coverage in the aseptic carton market worldwide. This competitor, Tetra Pak, has a significantly higher market share in most of the geographic markets in which we compete and has substantially greater financial and other resources than we do.

We believe that the aseptic carton packaging business is highly competitive, particularly in the European market, and product pricing is a key competitive factor. Besides product pricing, we also compete by offering customers volume rebates, marketing allowances and favourable financing terms for purchases of our filling machines. As a result, unless we are able to control our operating costs, our gross margin will be adversely affected.

Although capital costs in the aseptic carton packaging industry are comparatively high and there are intellectual property and technological barriers to entry, we face the threat of competition in the future from new entrants from other segments in the packaging industry or outside the packaging industry, as well as from existing aseptic packaging suppliers. We also face potential competition, particularly in emerging markets like Russia and China, from companies that supply carton sleeves to customers who already own filling machines.

These competitors do not incur the capital costs associated with the production and supply of filling machines and are therefore able to provide carton sleeves at a lower cost. As a result, to the extent there are new entrants, it may become difficult for us to increase or even maintain our prices.

In addition to other aseptic carton packaging suppliers, our business also faces competition from packaging made from PET and other substrates. The prices that we can charge for our products and systems are therefore constrained by the availability and cost of substitutes. For example, in the German market, PET substitution in the juice segment has impacted our results of operations since 2008.

If we fail to maintain satisfactory relationships with our major customers, our results of operations could be adversely affected.

We have multi-year supply agreements with most of our customers, many of whom are multinational companies that purchase large quantities of packaging materials. The significant leverage possessed by many of our customers and potential customers, in addition to the competitive environment in which we operate, results in significant downward pricing pressure, particularly in Western Europe and the United States, and generally constrains our ability to pass on price increases. We typically offer our major customers a variety of incentives to purchase or lease our filling machines. If our major customers reduce their purchasing volumes or stop purchasing aseptic carton sleeves from us, our business and results of operations would likely be adversely affected.

We could incur significant costs complying with environmental, health and safety laws or as a result of satisfying any liability or obligation imposed under such laws.

Our operations are subject to various federal, state, local and foreign environmental, health and safety laws and regulations. These laws regulate the emission or discharge of materials into the environment, govern the use, storage, treatment, disposal and management of hazardous substances and wastes, protect the health and safety of our employees and impose liability for the costs of investigating and remediating, and damages resulting from, present and past releases of hazardous substances. We could also be held liable for the costs to address contamination of any real property we have ever owned, operated or used as a disposal site. We also could incur fines, penalties, sanctions and damages from third-party claims for property damage or personal injury as a result of violations of or liabilities under environmental laws. In addition, changes in, or new interpretations of, existing laws, regulations or enforcement policies, the discovery of previously unknown environmental liabilities or further investigation of the potential health hazards of certain products or business activities may lead to additional compliance or other costs that could have a material adverse effect on our business, financial condition or results of operations. Moreover, as climate change and other environmental issues have become more prevalent, federal, state and local governments, as well as foreign governments, have responded, and are expected to continue to respond, to these issues with increased legislation and regulations, which could negatively affect us. These or other future environmental initiatives may cause us to incur additional direct costs in complying with any new environmental legislation or regulations, as well as increased indirect costs resulting from our suppliers, customers or both incurring additional compliance costs that could get passed through to us or impact product demand.

Loss of our key management and other personnel, or an inability to attract such management and other personnel, could impact our business.

We depend on our senior executive officers and other key personnel to operate our business and our in-house technical experts to develop new products and technologies and to service our customers. The loss of any of these officers or other key personnel could adversely affect our operations. Competition for qualified employees among companies that rely heavily on engineering and technology is intense, and the loss of qualified employees or an inability to attract, retain and motivate additional highly skilled employees required for the operation and expansion of our business could hinder our ability to conduct research and development activities successfully and develop and support marketable products.

Future government regulations and judicial decisions affecting the packaging we produce or the products contained in the packaging we produce could significantly reduce demand for our packaging products.

Government regulations and judicial decisions that affect the packaging we produce or the products contained in the packaging we produce could significantly reduce demand for our packaging products. For example, in Germany, legislation has been passed that requires a deposit for packaging products that are made from materials for which the percentage of recycling is below 60%. It is possible that in the future our products may become subject to such deposit requirements if the recycling of our products falls below an applicable threshold. Future legislation could also limit the use of, or impose certain taxes on, our packaging. Such legislation could significantly reduce demand for many of our paperboard packaging products and adversely affect our sales.

If there is significant consolidation among our customers, demand for our products may decrease or we may become less profitable.

Consolidation among our customers or competitors could adversely affect our profitability. Over the last ten years, we have observed a trend towards consolidation among our customers and we expect that this trend will continue. In particular, consolidation among our customers could increase their ability to apply price pressure and thereby force us to reduce our selling prices or lose sales, which would impact our results of operations. These customers may also close production facilities or switch supplies of packaging following a consolidation, which could impact sales of our filling machines and other products.

Currency exchange rate fluctuations could adversely affect our results of operations.

Our business is exposed to fluctuations in exchange rates. Although our reporting currency is the Euro, we operate in different geographical areas and transact in a range of currencies in addition to the Euro. Our other significant transacting currencies are the Swiss Franc, the U.S. dollar, the Thai Baht and the Chinese Yuan Renminbi. Where possible, we try to minimise the impact of exchange rate fluctuations by transacting in local currencies so as to create natural hedges. Under certain circumstances where we are unable to naturally offset our exposure to these currency risks, we enter into derivative transactions to reduce such exposures. Nevertheless, exchange rate fluctuations may either increase or decrease our revenue and expenses reported in the Euro.

We may not be successful in adequately protecting our intellectual property rights, including our unpatented proprietary know-how and trade secrets, or in avoiding claims that we infringed on the intellectual property rights of others.

In addition to relying on the patent and trademark rights granted under the laws of countries in Europe, the U.S. and various other countries in which we operate, we rely on unpatented proprietary know-how and trade secrets and employ various methods, including confidentiality agreements with employees and consultants, to protect our know-how and trade secrets. However, these precautions and our patents and trademarks may not afford complete protection against infringement by competitors and there can be no assurance that others will not independently develop the know-how and trade secrets or develop better production methods than us. Patent and trademark rights are territorial; thus, the patent and trademark protection we do have will only extend to those countries in which we have issued patents and registered trademarks. Even so, the laws of certain countries do not protect our intellectual property rights to the same extent as do the laws of various European countries and the United States. Further, we may not be able to deter current and former employees, contractors and other parties from breaching confidentiality agreements and misappropriating proprietary information. It is possible that third parties may copy or otherwise obtain and use our information and proprietary technology without authorisation or otherwise infringe on our intellectual property rights. Additionally, we have licensed and may license in the future, patents, trademarks, trade secrets and similar proprietary rights to third parties.

While we attempt to ensure that our intellectual property and similar proprietary rights are protected when entering into business relationships, third parties may take actions that could materially and adversely affect our rights or the value of our intellectual property, similar proprietary rights or reputation. In the future, we may also rely on litigation to enforce our intellectual property rights and contractual rights, and, if not successful, we may not be able to protect the value of our intellectual property. Any litigation could be protracted and costly and could have a material adverse effect on our business and results of operations regardless of its outcome.

Our success depends in part on our ability to obtain or license from third parties, patents, trademarks, trade secrets and similar proprietary rights without infringing on the proprietary rights of third parties. Although we believe our intellectual property rights are sufficient to allow us to conduct our business without incurring liability to third parties, our products may infringe on the intellectual property rights of such persons and we are subject to claims asserting the infringement of the intellectual property rights. No assurance can be given that we will not be subject to additional such claims seeking damages, the payment of royalties or licensing fees and/or injunctions against the sale of our products. Any such litigation could be protracted and costly and could have a material adverse effect on our business and results of operations.

We may be unable to achieve some or all of the benefits that we expect to achieve from our cost saving programs.

We may not be able to realise some or all of the cost savings and other adjustments we expect to achieve in the future as a result of our cost saving programs in the time frame we anticipate. For a more detailed description of these cost saving measures and other adjustments expected, see "Operating and financial review and prospects". A variety of risks could cause us not to realise some of the expected cost savings, including among others, delays in the anticipated timing of activities related to our cost saving programs, lack of persistence in cost savings over time and unexpected costs associated with operating the business. For the six months ended June 30, 2009, we incurred €9.5 million to implement our cost savings programs. We anticipate incurring approximately an additional €10.0 million in the remainder of 2009 to achieve our anticipated cost savings.

Our insurance may not protect us against business and operating risks.

We maintain insurance for some, but not all, of the potential risks and liabilities associated with our business. For some risks, we may not obtain insurance if we believe the cost of available insurance is excessive relative to the risks presented. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially, and in some instances, certain insurance policies are economically unavailable or available only for reduced amounts of coverage. As a result, we procure other desirable insurance on commercially reasonable terms, if possible. Although we will maintain insurance at levels we believe is appropriate and consistent with industry practice, we will not be fully insured against all risks such as pollution and environmental risks, which generally are not fully insurable. Moreover, we may not be able to maintain adequate insurance in the future at rates we consider reasonable or be able to obtain or renew insurance against certain risks. Any significant uninsured liability may require us to pay substantial amounts, which would adversely affect our cash position and results of operations.

We are involved in a number of legal proceedings that could result in substantial liabilities for us.

We are involved in several legal proceedings. It is difficult to predict the outcome of these proceedings and their impact on our business with certainty. The outcome of the legal proceedings and other contingencies could require us to take or refrain from taking actions that could adversely affect our operations or could require us to pay substantial amounts of money. If liabilities or fines resulting from these proceedings are substantial and exceed provisions recognised, our business, financial condition, results of operations and our ability to make payments on the Notes may be adversely affected.

If we are unable to stay abreast of changing technology in our industry, our profits may decline.

Our business is subject to frequent and sometimes significant changes in technology and if we fail to anticipate or respond adequately to these factors, or do not have sufficient capital to invest in these developments, our profits may decline. Our future financial performance will depend upon our ability to develop and market new products and to implement and utilise technology successfully to improve our business operations. We believe that our manufacturing technologies are sufficient to accommodate our customers' anticipated requirements as well as to permit us to introduce new products in the future. However, we cannot predict all the effects of future technological changes. The cost of installing new technologies could be significant and our ability to potentially finance these technological developments may be adversely affected by our debt servicing requirements or our inability to obtain the financing we require to obtain or acquire competing technologies.

Employee slowdowns, strikes and similar actions could have a material adverse effect on our business and operations.

A significant proportion of our employees are subject to collective bargaining agreements covering locations in Austria, Germany, Switzerland and Thailand. In Europe, many of our employees are represented by works councils. In addition, the transportation and delivery of raw materials to our manufacturing facilities and of our products to our customers by workers that are members of labour unions is critical to our business. In many cases, before we take significant actions with respect to our production facilities, such as workforce reductions or closures, we must reach agreement with labour unions and employee works councils. The failure to maintain satisfactory relationships with our employees and their representatives, or prolonged labour disputes, slowdowns, strikes or similar actions could have a material adverse effect on our business and results of operations.

Changes in global conditions could adversely affect our business and results of operations.

Our financial results could be substantially affected by global market risks in certain countries which we have manufacturing facilities or sell our products. Specifically, in Thailand and China where we have substantial manufacturing facilities, we are exposed to economic and political instability in their respective regions of the world. Downturns in economic activity, adverse foreign tax consequences or any change in social, political or labour conditions in any of these countries or regions could negatively affect our financial results.

Our third party equipment leasing arrangements may increase our exposure to credit risk from customer defaults.

We enter into arrangements under which filling machines are sold to third party finance companies that lease the machines to our customers. In the event that a customer defaults under the terms of the lease, under certain circumstances these finance companies could require us to repurchase the filling machine. As a result, we are exposed to the credit risk of our customers under these leasing arrangements. The potential obligation to buy back filling machines exposed the combined Group to a potential maximum amount of €53.3 million as at June 30, 2009 and €79.1 as at December 2008. If we have to repurchase filling machines, we may have to utilise our revolving credit facility availability. At June 30, 2009 we had €45.0 million available for drawing under the revolving credit facility in our Senior Credit Facilities.

We may pursue and execute acquisitions, which, if not successful, could adversely affect our business.

As part of our strategy, we plan to consider the acquisition of other companies, assets and product lines that either complement or expand our existing business. We cannot assure you that we will be able to consummate any acquisitions, that any future acquisitions will be consummated at acceptable prices and terms or that the acquired businesses will be successfully integrated into our current operations. We periodically evaluate potential acquisition opportunities, including those that could be material in size and scope. Acquisitions involve a number of specific risks, including:

- the diversion of management's attention to the assimilation of the acquired companies and their employees and on the management of expanding operations;
- the incorporation of acquired products into our product line;
- demands on our operational and financial systems;
- possible adverse effects on our reported operating results;
- the inability to retain key employees of the acquired business; and
- failure to achieve the results we anticipate from the acquisition.

We may also become responsible for liabilities that we failed or were unable to discover in the course of performing due diligence procedures in connection with our historical acquisitions and any future acquisitions. We have typically required the sellers in past acquisitions to indemnify us against certain undisclosed liabilities; however, we cannot be certain that these indemnification rights that we have obtained, or will obtain in the future, will be enforceable, collectible or sufficient in amount, scope or duration to fully offset the possible liabilities associated with the business or property acquired. Any of these liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

In addition, we may not be able to successfully integrate future acquisitions without substantial costs, delays or other problems. The costs of such integration could have a material adverse effect on our operating results and financial condition.

We have given warranties and indemnities to the purchasers in connection with our recent business disposals, which have not yet expired and may give rise to claims against us or our controlled entities.

From time to time we have disposed of segments or elements of our businesses and we may dispose of other segments or elements of our businesses in the future. On April 2, 2008 we sold our Beverages business. As part of these types of transactions we are generally required to indemnify the purchasers of businesses that we sell for various liabilities and the resulting indemnification obligations may be significant. These types of transactions may also restrict our ability to engage in business in certain geographical areas for a certain period of time. Some of the time periods within which a claim can be brought under warranty and indemnity provisions have not expired and we have experienced several indemnity claims based on other disposal transactions. If any material claims in respect of these dispositions are successfully brought against us in the future, such claims may have a material adverse effect on our business, financial condition and results of our operations.

Conditions in the global capital and credit markets and the economy in general may have a material adverse effect on our business, results of operations and financial position.

The global capital and credit markets are undergoing a period of unprecedented volatility and disruption and the global economy is experiencing a recession. Our results of operations and financial position could be affected materially by continued adverse changes in the global capital and credit markets and the economy in general. Economic conditions may also adversely affect the ability of our lenders, customers and suppliers to continue to conduct their businesses and may affect our ability to operate our production facilities in an economical manner.

Recent concerns over declining consumer confidence, the availability and cost of credit, reduced consumer spending and business investment, the volatility and strength of global capital and credit markets and inflation all affect the business and economic environment and ultimately the profitability of our business. Economic downturns characterised by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending typically result in decreased demand for our products. These conditions are beyond our control and may have a significant impact on our business, results of operations, cash flows and financial position.

The impairment of our trade receivable financings could adversely impact our liquidity.

We sell a significant portion of our trade receivables through factoring programs to finance our working capital needs. The factoring programs are an important source of liquidity even though they are not reflected on our balance sheet and at June 30, 2009 approximately 50% of our trade receivables were subject to factoring programs.

Our access to factoring programs depends on the availability of receivables insurance and on our credit rating and those of our customers and insurers. We may be unable to continue to utilise factoring programs or may only be able to do so on less desirable terms if either we were unable to obtain or renew receivables insurance or our credit rating or the credit rating of our customers or insurers is negatively impacted. An inability to utilise factoring programs would slow our conversion of trade receivables to cash and increase our working capital requirements which could require us to use revolver availability or cash on hand or seek alternative sources of financing which may not be available or may be more expensive financing.

The impairment of financial institutions may adversely affect us.

We, our customers and our suppliers have transactions and borrowing arrangements with commercial banks and other financial institutions, some of which may be exposed to ratings downgrade, bankruptcy, lack of liquidity, default or similar risks, especially in connection with recent financial market turmoil. A ratings downgrade, bankruptcy, receivership, default or similar event involving such institutions may adversely affect the institution's performance under letters of credit, limit our access to capital, impact the ability of our suppliers to provide us with raw materials needed for our production, impact the ability of our customers to meet obligations to us or adversely affect our liquidity position, future business and results of operations.

We may be able to incur substantially more debt.

We may be able to incur or issue substantial additional debt in the future. Although restrictions on the incurrence of additional debt are contained in the indentures governing our Notes and our senior financing arrangements, these restrictions are subject to a number of qualifications and exceptions. Also, these restrictions do not prevent us from incurring obligations that do not constitute indebtedness. Our ability to incur indebtedness depends, in part, upon our satisfaction of certain financial covenants in the indentures governing our Notes and the terms of our Senior Credit Facilities. The amount of indebtedness that we can incur at any point in time will vary materially as a result of historical and pro forma changes in our earnings, cash flows and performance against agreed ratios and other results and factors.

A failure to comply with the debt covenants could lead to an acceleration of our debt and possibly bankruptcy.

Our Senior Credit Facilities, our Notes and our other indebtedness require, and our future indebtedness is also likely to require us to meet certain covenants. A default under any of our debt instruments could result in the accelerated repayment of our debt and possibly bankruptcy.

The interests of our shareholder, RGHL, may conflict in some circumstances with the interests of holders of our debt.

The interests of RGHL and the actions it is able to undertake as our sole shareholder may differ or adversely affect the interests of our debt holders. RGHL currently owns 100% of the shares of BP I and BP II. Accordingly, RGHL ultimately controls our voting shares and that of all of our subsidiaries. As a result, RGHL has and will continue to have the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as to elect our directors and those of our subsidiaries, to change our management and to approve any other changes to our operations.

An increase in interest rates would increase the cost of servicing the combined Group's debt and could reduce the combined Group's profitability.

A significant portion of the combined Group's outstanding debt, including under the Senior Credit Facilities and potentially our future indebtedness, bears interest at variable rates. At June 30, 2009 (net of hedging instruments) we had €190.8 million of variable rate debt outstanding. As a result, an increase in interest rates, whether because of an increase in market interest rates or an increase in the combined Group's cost of borrowing, would increase the cost of servicing this debt and could materially reduce the combined Group's profitability and adversely affect our ability to meet our obligations under the Notes. The impact of such an increase would be more significant than it would be for some other companies because of the combined Group's substantial amount of debt.

The Issuer of the Notes is a finance subsidiary that has no revenue generating operations and will depend on payments received under the proceeds loans to make payments on the Notes.

The Issuer of the Notes is a finance subsidiary that was formed in connection with the offering of the Notes. The Issuer is not permitted to engage in any activities other than the issuance of the Notes, shares, any additional notes and any other permitted debt and activities that are incidental to or necessary or convenient to the foregoing. The Issuer has no subsidiaries and its only material asset and potential source of income is its right to receive payments under the proceeds loans to BP I. The Issuer's ability to make payments on the Notes is therefore dependent on the payments received under the proceeds loans and other funds that may be received from RGHL and its other subsidiaries. However, there is no obligation on the part of RGHL and its other subsidiaries to provide funds to the Issuer. If payments on the proceeds loans are not made by BP I for whatever reason, the Issuer may not have funds available to it that would permit it to make payments on the Notes. In such circumstances, the holders of the Notes would have to rely upon claims for payment under the guarantees and recoveries, if any, under the pledge of the proceeds loans, which claims and recoveries would be subject to a number of significant risks, including those described below.

BP I, the borrower under the proceeds loans, is an intermediate holding company that is an indirect parent company of our operating subsidiaries. BP I has no material assets other than shares of its subsidiaries and certain intercompany loans, payables and receivables. As a consequence of the foregoing, BP I's ability to make payments under the proceeds loans and, in turn, the Issuer's ability to make payments on the Notes, will be substantially dependent upon dividends, loans and other intercompany payments from BP I's subsidiaries. BP I's subsidiaries may not be able to generate sufficient cash to make such payments or have adequate distributable reserves to distribute funds to BP I to enable it to make payments on the proceeds loans. Furthermore, the ability of BP I's subsidiaries to distribute earnings to BP I by way of dividends, distributions, interest, returns on investments (including repayment of loans) and other payments is subject to various restrictions arising under applicable corporate law (which, for example, limit the amount that may be paid as a dividend out of the retained profit of the relevant entity) and contained in the debt instruments of such subsidiaries, including restrictions imposed by the Senior Credit Facilities and other existing indebtedness. Future indebtedness of BP I's subsidiaries will also likely limit such payments.

On the issue date of the Notes, the receivables under the proceeds loans were pledged to secure indebtedness under and in connection with the Senior Credit Facilities on a basis that ranks ahead of the security over such receivables that was granted for the benefit of the holders of the Notes. In addition, receivables of the proceeds loans are pledged to secure the indebtedness under the Senior Notes on a basis that ranks ahead of the security over such receivables that was granted for the benefit of the holders of the Senior Subordinated Notes.

The proceeds loans are also subject to subordination provisions similar to those applicable to the senior subordinated guarantees of the Senior Notes and the subordinated guarantees of the Senior Subordinated Notes, including payment blockage, standstill on enforcement and turnover provisions.

The combined Group's ability to generate the significant amount of cash needed to pay interest and principal on the Notes and service the combined Group's other debt and the ability to refinance all or a portion of the combined Group's indebtedness or obtain additional financing depends on many factors beyond the combined Group's control.

The ability of a combined Group member to make scheduled payments on, or to refinance its obligations under, its debt will depend on the combined Group's financial and operating performance, which in turn, will be subject to prevailing economic and competitive conditions and to the financial and business-related factors, many of which may be beyond the combined Group's control.

If the combined Group's cash flow and capital resources are insufficient to fund the combined Group's debt service obligations, the combined Group may be forced to reduce working capital levels, reduce or delay capital expenditures, sell assets, seek to obtain additional equity capital or restructure the combined Group's debt. In the future, the combined Group's cash flow and capital resources may not be sufficient for payments of interest or principal of the combined Group's debt and such alternative measures may not be successful and may not permit the combined Group to meet its scheduled debt service obligations, including the payment of interest or principal in respect of the Notes. We also cannot be certain that the combined Group will be able to refinance any of the combined Group's indebtedness or obtain additional financing particularly because of the combined Group's anticipated high levels of debt, prevailing market conditions and the debt incurrence restrictions imposed by the agreements governing the combined Group's debt. In the absence of sufficient cash flow and capital resources, the combined Group could face substantial liquidity problems and might be required to dispose of material assets or operations to meet its debt service and other obligations. The Senior Credit Facilities and the indentures governing the Notes and the agreements governing the combined Group's other debt restrict, and the combined Group's future debt is likely to restrict the combined Group's ability to dispose of assets and use the proceeds from any such dispositions. We cannot provide assurance that the combined Group will be able to consummate any asset sales, or if it does, what the timing of the sales will be or whether the proceeds that we realise will be adequate to meet our debt service obligations when due or that we will be contractually permitted to apply such proceeds for that purpose.

Beverage Packaging Holdings Group
Summary financial information

The following summary of financial information is for the six month periods ended June 30, 2009 and 2008 and is extracted from the interim unaudited condensed combined financial statements contained in this half year report.

Summary interim unaudited condensed combined statements of comprehensive income

As described in note 2.2 of the interim unaudited condensed combined financial statements the combined Group has elected to alter the presentation of information within the interim unaudited condensed statements of comprehensive income. Information for the six month periods ended June 30, 2009 and 2008 is presented by function and comparative information, which was previously presented by nature within these statements, has been reclassified.

Profit and loss presented by function:

	For the six months ended June 30,	
In millions of EUR	**2009**	**2008**
Revenue	609.3	613.4
Cost of sales	(474.9)	(504.8)
Gross profit	**134.4**	**108.6**
Selling, marketing and distribution expenses	(25.5)	(25.9)
General and administration expenses	(67.7)	(63.8)
Other income	18.8	22.1
Other expenses	(4.8)	-
Share of profit of joint ventures, net of income tax (equity method)	2.6	1.1
Profit (loss) from operating activities	**57.8**	**42.1**
Financial income	1.6	2.7
Financial expenses	(61.3)	(70.9)
Net financial expenses	**(59.7)**	**(68.2)**
Profit (loss) before income tax	**(1.9)**	**(26.1)**
Income tax benefit (expense)	(16.4)	(9.5)
Profit (loss) from continuing operations	**(18.3)**	**(35.6)**
Profit (loss) from discontinued operations, net of income tax	-	28.4
Profit (loss) for the period	**(18.3)**	**(7.2)**

Profit and loss presented by nature:

	For the six months ended June 30,	
In millions of EUR	**2009**	**2008**
Revenue	609.3	613.4
Other income	18.8	22.1
Share of profit of joint ventures, net of income tax (equity method)	2.6	1.1
Own work capitalised	23.5	23.7
Changes in inventories of finished goods & work in progress	5.0	12.2
Raw materials, supplies and services	(271.1)	(320.8)
Personnel expenses	(120.4)	(113.9)
Other operating expenses	(117.3)	(111.9)
Impairment charge on investment properties	(3.2)	-
EBITDA	**147.2**	**125.9**
Depreciation of property, plant & equipment	(45.0)	(40.6)
Amortisation of intangible assets	(44.4)	(43.2)
Profit (loss) from operating activities (EBIT)	**57.8**	**42.1**

Beverage Packaging Holdings Group
Summary financial information

Summary interim unaudited condensed combined statements of financial position

In millions of EUR	As at June 30 2009	As at December 31 2008
Cash and cash equivalents	184.9	133.1
Intangible assets	1,104.9	1,142.7
Property, plant and equipment	455.6	475.3
Other assets	435.2	473.0
Total assets	**2,180.6**	**2,224.1**
Interest bearing borrowings	1,353.8	1,393.0
Other liabilities	471.1	458.5
Total liabilities	**1,824.9**	**1,851.5**
Net assets	**355.7**	**372.6**
Total equity	**355.7**	**372.6**

Summary interim unaudited condensed combined statements of cash flows

	For the six months ended June 30,	
In millions of EUR	2009	2008
Cash flows from (used in) operating activities	120.1	76.0
Cash flows from (used in) investing activities	(24.4)	77.1
Cash flows from (used in) financing activities	(45.5)	(122.4)
Net increase in cash and cash equivalents	**50.2**	**30.7**

Operating and financial review and prospects

The following discussion and analysis includes forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed or implied by our forward-looking statements. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this half year report. See "Risk factors" and "Forward-looking statements". This following discussion should be read in conjunction with "Risk factors" and the interim unaudited condensed combined financial statements for the six months ended June 30, 2009 included elsewhere in this half year report.

1. Basis of preparation

Financial statements

This discussion and analysis is based on the interim unaudited condensed combined financial statements of the combined Group for the three and six months ended June 30, 2009 and 2008.

Discontinued operations

At the end of 2007, we elected to make the SIG Beverages business available for sale. As a result of this election the results of the SIG Beverages business for all periods and dates presented have been disclosed separately from the combined Group's continuing operations in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations". The SIG Beverages business was sold on April 2, 2008.

Accounting principles

The financial information contained within this half year report has been prepared in accordance with IFRS as issued by the IASB. The interim unaudited condensed combined financial statements have been prepared using uniform accounting policies for all entities within the combined Group and consistent with the audited financial statements.

Reporting currency

The interim unaudited condensed combined financial statements are presented in Euro, which is the major trading currency of the combined Group. The figures are translated from the functional currency of the entity into Euro according to the procedures described in IAS 21. For more information, please refer to the notes to our interim unaudited condensed combined financial statements included elsewhere in this half year report.

Segment reporting

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the combined 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 combined Group's CODM resides within the parent entity, RGHL. Information reported to the combined Group's CODM for the purposes of resource allocation and assessment of segment performance is focused on the sole business segment that exists within the combined Group.

2. Key factors influencing our financial condition and results from operations

Restructuring and cost saving programs

We have completed a number of restructuring and cost-saving programs in order to reduce our operating costs. In addition, we currently have a program in place focused on raw material cost improvements and a reorganisation of the combined Group's management structure.

Our restructuring and cost-saving programs have included the following initiatives:

- Workforce reductions;
- Consolidation of facilities;
- Rationalisation of certain product lines;
- Divestment of non-core businesses;
- Streamlining of research and development activities;
- Streamlining of corporate overhead; and
- Reduction of raw material costs.

As part of the restructuring and cost saving programs, we recorded restructuring costs which have decreased EBITDA by €9.5 million for the six months ended June 30, 2009. The restructuring costs consist of €2.1 million of consultancy costs and €7.4 million of employee termination costs. For the six months ended June 30, 2008 restructuring costs consisting of €3.2 million of employee termination costs were incurred. We anticipate incurring approximately an additional €10.0 million in the last half of 2009 to achieve our anticipated cost savings.

Raw material prices

Our results of operations have in the past been, and will continue to be in the future, impacted by changes in the costs of raw materials, including raw cartonboard, PE resin, aluminium, steel and components for our filling machines. Raw material costs have historically represented approximately half of our revenue. The prices for raw materials can fluctuate significantly, particularly PE resin, which historically has been correlated with global oil prices. Our contracts do not provide for price adjustment mechanisms that allow us to pass through changes in raw material prices to our customers. Due to differences in timing between our sales to customers and purchases of raw materials from suppliers, there is often a lead-lag impact during which margins are negatively impacted for the short term in periods of rising raw material prices and positively impacted in periods of falling material prices. With the exception of raw cartonboard and some aluminium hedging, we purchase most of our raw materials based on spot market prices and generally cannot immediately pass on price increases to our customers. Similarly, we are not immediately obligated to pass on favourable changes in raw material prices to our customers. For example, between 2004 and 2008, our results have been adversely impacted by the worldwide increase in PE resin prices, which reached a record high in October 2008 before declining between November 2008 and February 2009 and stabilising from March 2009. Aluminium prices which were stable during 2005 and 2006 increased in 2007 and 2008. This increase in 2008 was partially offset by our hedging program. Since the end of 2008 aluminium prices have declined and prices for cartonboard have increased slightly in accordance with inflation.

Pricing and product mix

Our results of operations have in the past been, and will continue to be in the future, impacted by changes in our product mix and prices. Sales of our sleeves are an important part of our business and have increased overall on a volume and revenue basis worldwide. Our carton sleeve product mix has changed in recent years. Over the past few years, we have sold increased volumes of smaller-size carton sleeves to our customers in the Asian market, where we have expanded our presence, while sales volumes of large-size and mid-size carton sleeves to our customers in established European markets have been stable. While the price of our carton sleeves vary according to size, our overall operating margins for our carton sleeves and filling machines have been comparable, both across different carton sleeve sizes and across the European and Asian markets. We were generally able to successfully implement price increases from the beginning of 2008 to partly compensate for the significant raw material price increases of the last two years. Although we have faced pricing pressure for our sleeves in Europe, we were able to slightly increase sleeve prices during the three months ended June 30, 2009. Prices in Asia, excluding China, have been stable. For selected customer accounts in China, downward price adjustments during the six months ended June 30, 2009 in line with the market conditions were necessary.

Seasonality and working capital fluctuations

Our business is impacted by moderate seasonal fluctuations. Our customers are principally engaged in providing products such as beverages and food that are generally less sensitive to seasonal effects, although we do experience some seasonality as a result of increased consumption of tea and juices during the summer months in Europe. We therefore typically experience a greater level of carton sleeve sales in the second and third quarter. Sales in the fourth quarter can be supported by additional purchases by customers prior to the end of the year to achieve annual volume rebates that we offer.

Sales of filling machines historically increase in the fourth quarter as customers seek to utilise their residual capital expenditures budgets before the end of their operating year. As a result, we normally have lower sales and build inventory levels of filling machines during the first, second and third quarters, which together increase our working capital levels and reduce operating cash flow.

The SIG acquisition, substantial leverage and other transaction-related effects

Our results of operations and financial position were significantly impacted by the effects of the acquisition and the related transactions. The acquisition of SIG by BP I and certain related transactions were partially financed with the proceeds of a €740 million term loan made available under the Senior Credit Facilities and the proceeds of the €770 million Senior Subordinated Bridge Facility. We subsequently issued, in June 2007, €900 million of aggregate principal amount of the Senior Notes and the Senior Subordinated Notes, the proceeds of which were used to repay the Senior Subordinated Bridge Facility and prepay €130 million of term loans under the Senior Credit Facilities. As a result, we have substantial indebtedness. The sale of SIG Beverages on April 2, 2008 allowed us to repay €106.9 million of the debt outstanding under the Senior Credit Facilities. We also repaid an additional €18.6 million of the debt outstanding under the Senior Credit Facilities during the six months ended June 30, 2009. As at June 30, 2009, we had €1.4 billion of indebtedness. Under our Senior Credit Facilities, we have an €85.0 million revolving credit facility under which we had €45.0 million as at June 30, 2009 available for borrowing. Our future results of operations, including our net financial expenses, will be significantly affected by our substantial indebtedness. The servicing of this indebtedness has and will continue to impact our cash flows and our cash balance.

In connection with the acquisition of SIG by BP I, the combined Group recognised goodwill that as at June 30, 2009 was €639.0 million. Although goodwill is not subject to amortisation under IFRS, it is subject to impairment tests at least annually. As a significant portion of the purchase price has been allocated to identifiable tangible and intangible assets, our depreciation and amortisation expenses are significantly higher than were recognised before the acquisition by BP I.

Significant divestments

On April 2, 2008, the combined Group sold its SIG Beverages business to Salzgitter AG realising a net gain after tax of €24.3 million for the six months ended June 30, 2008. This amount was subsequently adjusted as a result of certain post closing adjustments which resulted in a final gain on sale of €25.6 million recognised for the year ended December 31, 2008.

The business has been presented as a discontinued operation during 2006, 2007 and 2008 and contributed €28.4 million for the six months ended June 30, 2008 (which included a net gain of €24.3 million on the sale of SIG Beverages).

3. Critical accounting policies

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

Accounting for the sale of filling machines

Our business involves the supply of filling systems which combine the provision of a filling machine with a committed stream of future revenue from the sale of carton sleeves. We use three primary methods to supply our filling machines to customers. The filling machine may be sold or leased directly to the customer or may be sold to a third party who then leases it to the customer. The supply of the filling machine will usually be accompanied by a commitment on the part of the customer to purchase carton sleeves for an initial term of five to seven years.

The initial supply of the filling machine, whether by sale, lease or third party lease and the subsequent sales of carton sleeves represent a linked transaction as defined under IAS Framework 96.

The difference between the sale price of the filling machine and our cost of manufacturing the machine is capitalised as an intangible asset (Rights to supply) and amortised over the term of the carton sleeve contract. At each reporting date, the unamortised balance is reviewed to assess whether it will be recovered from the projected gross margin of estimated future carton sleeve sales. Any write down in the recoverable amount of this intangible asset is recognised in the statement of comprehensive income for the current period.

We recognise revenue upon the sale of a filling machine to the third party finance company. In the event that the end-user becomes insolvent, we have an obligation under some contracts to buy back the filling machine from the third party finance company at a residual price. To date, we have never been required to buy back a filling machine due to customer insolvency. A rebate is provided to the customer based on the achievement of agreed target sleeves volumes.

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

We assess the carrying values of goodwill, identifiable intangible assets and property, plant and equipment and investment properties in accordance with the requirements of IFRS. Goodwill and intangibles with indefinite useful lives are assessed for impairment at least annually. Other non-current assets are tested when a trigger event may indicate the existence of impairment. If any such indication of impairment exists, the asset's recoverable amount is estimated.

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

In estimating future cash flows, we make estimates with respect to the useful lives of our assets. Changes in circumstances, including the relative cost efficiency of our production facilities, may cause us to change these estimates from time to time. In addition, because these are estimates, the actual useful life of an asset may be different from our estimates.

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

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

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

At June 30, 2009 we had €1,615.1 million of goodwill, other intangible assets, property, plant and equipment and investment properties recorded on our statement of financial position. Any impairment in the value of goodwill, intangible assets, property, plant and equipment and investment properties would result in a reduction in the carrying value in the statement of financial position and an expense recognised in our statement of comprehensive income. For the six months ended June 30, 2009, we have recognised €3.2 million of impairment charges on an investment property in the UK.

Accounting for business combinations

We account for business combinations under the purchase method of accounting. The excess of the purchase price over the fair value of net tangible assets acquired is allocated first to the fair value of identifiable intangible assets. The remaining purchase price is then allocated to goodwill.

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

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

In May 2007 BP I, through its subsidiary BP III, acquired 98.3% of the ordinary shares of SIG and acquired the remaining 1.7% in November 2007 for a total purchase price of €1.7 billion. The final result of the purchase price allocation was reflected in our financial statements as at June 30, 2009 and December 31, 2008.

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

Subsequent changes in our assessments may trigger an impairment loss that would be recognised in the statement of comprehensive income.

Income taxes

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

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

Provisions

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

As a result of recent business disposals, we have provided certain warranties and indemnities to the purchasers of these businesses. As a result of these contractual obligations, we have estimated the probable outflow that will be required to settle specific matters. The determination of these provisions requires an assessment as to the likelihood and magnitude of a particular claim and the expected timing of any payment.

Employee benefits - defined benefit pension obligations

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

Results and financial condition

Set forth below is a brief description of key line items of the combined Group's financial information:

- **Revenue**: Revenue represents the sales generated from the delivery of goods and services net of value-added taxes, rebates and discounts. Revenue is recognised when the significant risks and rewards of ownership of the goods or services are transferred to the buyer.

- **Cost of sales**: Cost of sales includes the direct costs attributable to the production of goods sold including, but not limited to, raw materials, direct labour and production overheads.

- **Other income**: Other income includes revenue that does not arise from the principal operations and includes rental income from investment properties, rental income from temporarily leased land and buildings, the gain on sale of property, plant and equipment and income from services of our shared service centres rendered to third parties.

- **Selling, marketing and distribution expenses**: Selling, marketing and distribution expenses include costs that relate to selling, marketing and distribution of products that are not directly associated with the production process.

- **General and administration expenses**: General and administration expenses include costs for research and development and costs that relate to administration that are not directly associated with the production process.

- **Other expenses**: Other expenses include those expenses not recognised in cost of sales, selling, marketing and distribution, general and administration expenses and not directly associated with the production process.

- **Share of profit of joint ventures, net of income tax (equity method)**: Income from joint ventures represents our share of net profit of all our joint ventures that we account for using the equity method.

- **EBITDA**: EBITDA is a measure used by our management to measure operating performance and is defined as profit (loss) from continuing operations plus income tax expenses, net financial expenses, depreciation of property, plant and equipment and amortisation of intangible assets, less profit attributable to minority interests. It is not a measurement of our financial performance or liquidity under IFRS and should not be considered as a substitute for profit (loss) from continuing operations, or any other performance measures derived in accordance with IFRS or as a substitute for cash flow from operating activities as a measure of our liquidity. We believe that the inclusion of this measure is appropriate to provide additional information to investors about our operating performance and to provide a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. Because not all companies calculate EBITDA identically, this presentation of EBITDA may not be comparable to other similarly titled measures in other companies.

- **Historical Adjusted EBITDA:** Historical Adjusted EBITDA refers to EBITDA adjusted for particular items relevant to explaining operating performance. These adjustments include significant items of a non-recurring or unusual nature that cannot be attributed to normal business operations, restructuring and employee termination costs, gains and losses in relation to the valuation of derivatives and profit attributable to joint ventures net of cash distributions received from joint ventures. The calculation of Historical Adjusted EBITDA in this half year report is the same as the calculation of EBITDA under the Notes.

- **Depreciation of property, plant and equipment**: Depreciation of property, plant and equipment is charged to the statement of comprehensive income on a straight-line basis over the expected life of the related asset.

- **Amortisation of intangible assets (excluding goodwill)**: Amortisation of intangible assets (excluding goodwill) is charged to the statement of comprehensive income on a straight-line basis over the expected life of the related asset.

- **Net financial expenses**: is the net of financial income (including interest income from loans, securities and cash and net foreign currency exchange gain) and financial expenses (including interest expense on financial liabilities, amortisation of capitalised debt issue costs and the write-down of securities to market value).

- **Income tax expense**: Income tax represents the current and deferred tax calculated on profit or loss for the period. Current tax is the amount on income taxes payable (recoverable) in respect of the taxable profit or loss for a period. Deferred tax represents the amount of income taxes payable (recoverable) in future periods in respect of taxable (deductible) temporary differences and unused tax losses.

Presentation of Historical Adjusted EBITDA

In this discussion and analysis, we present EBITDA and Historical Adjusted EBITDA of the continuing operations of the combined Group for the three and six months ended June 30, 2009 and 2008.

Certain revenue has been generated and expenses have been incurred in respect of specified events, which we believe are of such a size, nature or incidence that their disclosure is relevant to explain the operating performance over these periods. The following discussion of our results of operations discloses for each period the principal adjustments, if any, to EBITDA reflected in the computation of Historical Adjusted EBITDA.

Combined Group results for the three and six months ended June 30, 2009 and 2008, respectively.

The following table provides the results of the continuing operations of the combined Group.

As described in note 2.2 of the interim unaudited condensed combined financial statements, the combined Group has elected to alter the presentation of information within the statement of comprehensive income. Information within the statement of comprehensive income for the three and six months ended June 30, 2009 and 2008 is presented by function and comparative information, which was previously presented by nature within this statement, has been reclassified.

Profit and loss by cost function

In millions of EUR	For the three months ended June 30, 2009		2008		For the six months ended June 30, 2009		2008	
Revenue	318.9	100%	325.1	100%	609.3	100%	613.4	(100%)
Cost of sales	(240.0)	(75%)	(267.9)	(82%)	(474.9)	(78%)	(504.8)	(82%)
Gross profit	**78.9**	**25%**	**57.2**	**18%**	**134.4**	**22%**	**108.6**	**18%**
Selling, marketing and distribution expenses	(14.1)	(4%)	(13.2)	(4%)	(25.5)	(4%)	(25.9)	(4%)
General and administration expenses	(34.4)	(11%)	(32.9)	(10%)	(67.7)	(11%)	(63.8)	(11%)
Other income	10.0	3%	11.2	3%	18.8	3%	22.1	4%
Other expenses	(3.6)	(1%)	-	-	(4.8)	(1%)	-	-
Share of profit of associates and joint ventures, net of income tax (equity method)	1.1	-	0.5	-	2.6	-	1.1	-
Profit (loss) from operating activities	**37.9**	**12%**	**22.8**	**7%**	**57.8**	**9%**	**42.1**	**7%**
Net financial expenses	(30.6)	(10%)	(39.8)	(12%)	(59.7)	(9%)	(68.2)	(11%)
Profit (loss) before income tax	**7.3**	**2%**	**(17.0)**	**(5%)**	**(1.9)**	**-**	**(26.1)**	**(4%)**
Income tax benefit (expense)	(7.0)	(2%)	(6.6)	(2%)	(16.4)	(3%)	(9.5)	(2%)
Profit (loss) from continuing operations	**0.3**	**-**	**(23.6)**	**(7%)**	**(18.3)**	**(3%)**	**(35.6)**	**(6%)**
Profit (loss) from continuing operations	**0.3**	**-**	**(23.6)**	**(7%)**	**(18.3)**	**(3%)**	**(35.6)**	**(6%)**
Income tax (benefit) expense	7.0	2%	6.6	2%	16.4	3%	9.5	2%
Net financial expenses	30.6	10%	39.8	12%	59.7	10%	68.2	11%
Depreciation of property, plant and equipment	22.4	7%	20.6	6%	45.0	7%	40.6	7%
Amortisation of intangible assets	22.0	7%	21.2	7%	44.4	7%	43.2	7%
EBITDA	**82.3**	**26%**	**64.6**	**20%**	**147.2**	**24%**	**125.9**	**21%**
Impairment charge on investment properties	3.2	1%	-	-	3.2	1%	-	-
Restructuring and business realignment costs (a)	8.3	2%	3.2	1%	9.5	1%	3.2	-
Unrealised (gain) / loss on derivatives (b)	(3.2)	(1%)	-	-	(2.2)	-	-	-
Equity accounted results not distributed in cash(c)	(0.6)	-	(0.5)	-	(2.1)	-	(1.1)	-
Historical Adjusted EBITDA	**90.0**	**28%**	**67.3**	**21%**	**155.6**	**26%**	**128.0**	**21%**

Percentages represent the respective line items as a percentage of revenue from the sale of goods.

(a) Reflects restructuring and business realignment costs associated with implementing personnel reduction programs.

(b) Reflects unrealised (gains) and losses arising from mark-to-market movements on foreign currency derivatives used for hedging purposes.

(c) Reflects the profit attributable to joint ventures (equity accounted) net of cash distributions received from joint ventures. Cash distributions for the three and six months ended June 30, 2009 were €0.5 million (2008: nil).

Three months ended June 30, 2009 compared to the three months ended June 30, 2008

Revenue: Revenue decreased by €6.2 million or 1.9% to €318.9 million for the three months ended June 30, 2009 compared to €325.1 million for the three months ended June 30, 2008 as a result of lower sleeve sales of €2.4 million and lower filling machine sales of €3.8 million.

Sleeve sales: Sleeve sales decreased by €2.4 million or 0.8% to €293.1 million for the three months ended June 30, 2009 compared to €295.5 million for the three months ended June 30, 2008.

Europe: Revenue from sleeve sales in Europe decreased by €17.6 million or 8.2% to €197.8 million for the three months ended June 30, 2009 compared to €215.4 million for the three months ended June 30, 2008. This decline primarily relates to a decline of revenue in Russia where we experienced a reduction in sleeve sales of approximately €7.0 million or 39.1% when compared to the corresponding prior year period and in Poland where we experienced a reduction in sleeve sales of approximately €3.1 million or 15.3% compared to the corresponding prior year period. The reduction in sleeve sales in Russia and Poland related primarily to the juice segment and is a result of the decline in Russian and Polish consumer purchases in the current global financial environment. The other European markets also slowed down as a result of the current market conditions resulting in total lower sleeve sales of €13.6 million or 4.3% compared to the corresponding prior year period.

Non-Europe: Revenue from sleeve sales in the non-European markets increased by €15.2 million or 19.0% to €95.3 million for the three months ended June 30, 2009 compared to €80.1 million for the three months ended June 30, 2008. Of this growth €7.6 million or 9.5% can be attributed to the benefit of favourable exchange rate movements for sales which were denominated in currencies other than the Euro. North American sales increased by €0.5 million or 4.3% to €12.1 million, after adjusting for exchange rate movements, for the three months ended June 30, 2009 compared to €11.6 million for the three months ended June 30, 2008. Sleeve sales in China increased by €2.6 million or 10.4% to €27.6 million compared to €25.0 million for the three months ended June 30, 2008 when adjusted for the impacts of movements in the exchange rates. However, when excluding the impact of exchange rate movements, sleeve sales in China increased by €7.4 million or 29.6% to €32.4 million for the three months ended June 30, 2009 compared to €25.0 million for the three months ended June 30, 2008. The growth in China was mainly consistent with the general market trends in this region. Sleeve sales in the other non-European markets on an exchange rate adjusted basis increased by €4.5 million mainly due to recently placed filling machines.

Filling machine sales: Filling machine sales decreased by €3.8 million or 12.8% to €25.8 million for the three months ended June 30, 2009 compared to €29.6 million for the three months ended June 30, 2008. This decrease related to the timing of the recognition of revenue on the placement of filling machines. During the current period 20 filling machine units were placed compared to 21 filling machines during the corresponding prior year period.

Gross profit: Gross profit increased by €21.7 million or 37.9% to €78.9 million from €57.2 million and the gross profit margin increased from 17.6% to 24.7% of revenue for the three months ended June 30, 2009 compared to the three months ended June 30, 2008. This increase is primarily due to a decrease in cost of sales resulting from a reduction in raw material prices for PE and aluminium, which had a net positive effect of €11.3 million, realised price increases, favourable foreign currency movements and cost savings such as a reduction of outbound costs and in waste rate.

Other income and expenses: Other income, selling, marketing and distribution expenses, general and administration expenses and other expenses increased by €7.2 million or 20.6% to €42.1 million for the three months ended June 30, 2009 compared to €34.9 for the three months ended June 30, 2008. This increase is mainly attributable to higher restructuring costs of €5.1 million, €3.2 million of impairment charges on an investment property in the UK which was partially offset by a gain of €2.4 million from the sale of closure tools to our Obeikan joint venture.

EBITDA: EBITDA increased by €17.7 million or 27.4% to €82.3 million for the three months ended June 30, 2009 compared to €64.6 million for the three months ended June 30, 2008 as a result of the factors discussed above.

Historical Adjusted EBITDA: Historical Adjusted EBITDA increased by €22.7 million or 33.7% to €90.0 million for the three months ended June 30, 2009 compared to €67.3 million for the three months ended June 30, 2008. Historical Adjusted EBITDA for the three months ended June 30, 2009 was determined after adding back restructuring costs of €8.3 million and an impairment charge on investment properties of €3.2 million, and deducting unrealised gains on open foreign currency contracts of €3.2 million and equity accounted results not distributed in cash of €0.6 million. Historical Adjusted EBITDA for the three months ended June 30, 2008 was impacted by an add back for restructuring costs of €3.2 million and a deduction of equity accounted results not distributed in cash of €0.5 million.

Depreciation of property, plant and equipment: Depreciation of property, plant and equipment increased by €1.8 million or 8.7% to €22.4 million for the three months ended June 30, 2009 compared to €20.6 million for the three months ended June 30, 2008 primarily as a result of plant extensions in China which were completed in the later part of 2008.

Amortisation of intangible assets: Amortisation of intangible assets remained relatively stable at €22.0 million for the three months ended June 30, 2009 compared to €21.2 million for the three months ended June 30, 2008.

Profit (loss) from operating activities: Profit from operating activities increased by €15.1 million or 66% to €37.9 million for the three months ended June 30, 2009 compared to €22.8 million for the three months ended June 30, 2008 as a result of the factors previously discussed.

Net financial expenses: Net financial expenses decreased by €9.2 million or 23.1% to €30.6 million for the three months ended June 30, 2009 compared to €39.8 million for the three months ended June 30, 2008 partly resulting from €3.3 million of lower net interest expenses due to a lower level of net financial debt and lower EURIBOR floating interest rates, €3.4 million of lower amortisation of debt fee costs and €2.5 million of favourable exchange rate differences relating to short-term intercompany financing facilities.

Income tax expenses: Income tax expenses increased by €0.4 million or 6.1% to €7.0 million for the three months ended June 30, 2009 compared to €6.6 million for the three months ended June 30, 2008 partly due to increased taxable profit.

Six months ended June 30, 2009 compared to the six months ended June 30, 2008

Revenue: Revenue decreased by €4.1 million or 0.7% to €609.3 million for the six months ended June 30, 2009 compared to €613.4 million for the six months ended June 30, 2008 as a result of lower sleeve sales of €1.1 million and lower filling machine sales of €3.0 million.

Sleeve sales: Sleeve sales decreased by €1.1 million or 0.2% to €559.3 million for the six months ended June 30, 2009 compared to €560.4 million for the six months ended June 30, 2008.

Europe: Revenue from sleeve sales in Europe decreased by €24.4 million or 5.9% to €386.8 million for the six months ended June 30, 2009 compared to €411.2 million for the six months ended June 30, 2008. This decline primarily relates to a decline of revenue in Russia where we experienced a reduction in sleeve sales of approximately €12.4 million or 35.9% when compared to the corresponding prior year period and in Poland where we experienced a reduction in sleeve sales of approximately €3.4 million or 8.9% when compared to the corresponding prior year period. The reduction in sleeve sales in Russia and Poland relates primarily to the juice segment and is a result of the decline in Russian and Polish consumer purchases in the current global financial environment. The other European markets also slowed down as a result of the current market conditions resulting in total lower sleeve sales of €8.6 million or 2.5% when compared to the corresponding prior year period.

Non-Europe: Revenue from sleeve sales in the non-European markets increased by €23.3 million or 15.6% to €172.5 million for the six months ended June 30, 2009 compared to €149.2 million for the six months ended June 30, 2008. €14.6 million or 9.8% can be attributed to favourable exchange rate movements for sales which were denominated in currencies other than the Euro and €8.7 million or 5.8% can be attributed to increased volume in South-East Asia, South America and North America. Sleeve sales in China on an exchange rate adjusted basis decreased by €1.1 million or 2.3% to €47.2 million for the six months ended June 30, 2009 compared to €48.3 for the six months ended June 30, 2008 mainly as a result of reduced consumer demand due to the impact of melamine contamination found in dairy products which occurred in August 2008. However sleeve sales in May and June of 2009 were higher than in the corresponding months of 2008. Sleeve sales of the other non-European markets on an exchange rate adjusted basis increased by €9.8 million mainly due to North America which in the prior period experienced an unusually weak first quarter caused by an inventory decrease by a number of our customers.

Filling machine sales: Filling machine sales decreased by €3.0 million or 5.7% to €50.0 million for the six months ended June 30, 2009 compared to €53.0 million for the six months ended June 30, 2008. During the six months ended June 30, 2009, 34 filling machines were placed compared to 33 filling machines in the corresponding prior year period.

Gross profit: Gross profit increased by €25.8 million or 23.8% to €134.4 million from €108.6 million and the gross profit margin increased from 17.7% to 22.1% of revenue for the six months ended June 30, 2009 compared to the six months ended June 30, 2008. This increase is due to a decrease in cost of sales resulting from a reduction in raw material prices for PE and aluminium, which had a net positive effect of €19.5 million, favourable foreign currency movements, increased pricing and cost savings such as a reduction in outbound costs and in waste rate.

Other income and expenses: Other income, selling, marketing and distribution expenses, general and administration expenses and other expenses increased by €11.6 million or 17.2% to €79.2 million for the six months ended June 30, 2009 compared to €67.6 million for the six months ended June 30, 2008. This increase is mainly attributable to higher restructuring costs of €6.3 million consisting of consultancy costs of €2.1 million and employee termination costs of €4.2 million, €3.2 million of impairment charges on an investment property in the UK and €7.6 million of lower benefits from exchange rate developments which were partially offset by a gain of €2.4 million from the sale of closure tools to our Obeikan joint venture and €3.1 million of overhead cost savings.

EBITDA: EBITDA increased by €21.3 million or 16.9% to €147.2 million for the six months ended June 30, 2009 compared to €125.9 million for the six months ended June 30, 2008 as a result of the factors discussed above.

Historical Adjusted EBITDA: Historical Adjusted EBITDA increased by €27.6 million or 21.6% to €155.6 million for the six months ended June 30, 2009 compared to €128.0 million for the six months ended June 30, 2008. Historical Adjusted EBITDA for the six months ended June 30, 2009 was determined after adding back restructuring costs of €9.5 million and an impairment charge on investment properties of €3.2 million, and deducting €2 million of unrealised gains on open foreign currency contracts and equity accounted results not distributed in cash of €2.1 million. Historical Adjusted EBITDA for the six months ended June 30, 2008 was impacted by an add back of restructuring costs of €3.2 million and a deduction of equity accounted results not distributed in cash of €1.1 million.

Depreciation of property, plant and equipment: Depreciation of property, plant and equipment increased by €4.4 million or 10.8% to €45.0 million for the six months ended June 30, 2009 compared to €40.6 million for the six months ended June 30, 2008 primarily as a result of plant extensions in China that were completed in the later part of 2008.

Amortisation of intangible assets: Amortisation of intangible assets remained relatively stable at €44.4 million for the six months ended June 30, 2009 compared to €43.2 million for the six months ended June 30, 2008.

Profit (loss) from operating activities: Profit from operating activities increased by €15.7 million or 37.2% to €57.8 million for the six months ended June 30, 2009 compared to €42.1 million for the six months ended June 30, 2008 as a result of the factors previously discussed.

Net financial expenses: Net financial expenses decreased by €8.5 million or 12.5% to €59.7 million for the six months ended June 30, 2009 compared to €68.2 million for the six months ended June 30, 2008 resulting from €7.8 million of lower net interest expenses due to a lower level of net financial debt and lower EURIBOR floating interest rates and €3.5 million of lower amortisation of debt fee costs, partially offset by €2.8 million of unfavourable exchange rate differences arising on short-term intercompany financing facilities.

Income tax expenses: Income tax expense increased by €6.9 million or 72.6% to €16.4 million for the six months ended June 30, 2009 compared to €9.5 million for the six months ended June 30, 2008. €5.3 million of the increase is a result of the New Zealand Controlled Foreign Companies ("CFC") taxation rules. As BP I is a dual resident of Luxembourg and New Zealand for tax purposes, BP I is taxed on its attributable CFC income in New Zealand. During the period a tax expense of €14.4 million has been recognised in the statement of comprehensive income as a result of the finalisation of the December 2007 tax return. The transfer of New Zealand tax losses from related parties in relation to this tax expense has resulted in related party payables of €14.4 million. This expense has been partially offset by the recognition of an additional deferred tax asset of €9.1 million resulting from a revision to the forecasted 2009 CFC income and therefore the expected utilisation of the 2008 CFC losses. The remaining increase in the income tax expense of €2.0 million results from the fact that certain subsidiaries of the combined Group no longer benefit from tax holidays.

Liquidity and capital resources

The following table sets out the combined Group's cash flows for the periods presented:

In millions of EUR	For the six months ended June 30, 2009	2008
Cash flows from (used in) operating activities	120.1	76.0
Cash flows from (used in) investing activities	(24.4)	77.1
Cash flows from (used in) financing activities	(45.5)	(122.4)

Cash flows from (used in) operating activities

Operating activities for the six months ended June 30, 2009 generated a net cash inflow of €120.1 million compared to €76.0 million for the six months ended June 30, 2008. The increase of €44.1 million in net cash inflow is mainly attributable to an increase of €24.5 million in EBITDA, a decrease of €8.4 million in interest payments and a decrease of €44.2 million in net working capital (partially offset by a decrease of €21.5 million in non-cash changes of provisions and a decrease of €7.2 million in cash relevant changes in the fair value of derivatives).

Cash flows from (used in) investing activities

Investing activities for the six months ended June 30, 2009 resulted in a net cash outflow of €24.4 million compared to an inflow of €77.1 million for the six months ended June 30, 2008. The decrease of €101.5 million in net cash inflow is attributable to €114.9 million of net proceeds from the sale of SIG Beverages in April 2008 and a decrease of €3.9 million in net proceeds from the sale of property, plant and equipment, partially offset by a decrease of €19.5 million in capital expenditure for property, plant and equipment and filling machines for the plant expansion project in China that was completed in the fourth quarter of 2008.

Cash flows from (used in) financing activities

Financing activities for the six months ended June 30, 2009 resulted in a net cash outflow of €45.5 million compared to €122.4 million for the six months ended June 30, 2008. The decrease of €76.9 million in net cash outflow is mainly attributable to repayment of borrowings under the Senior Credit Facilities of €106.9 million with proceeds from the sale of SIG Beverages in April of 2008. A further €18.6 million was repaid under the Senior Credit Facilities in the six months ended June 30, 2009. €26.9 million of other borrowings were repaid in the six months ended to June 30, 2009 compared to €15.5 million in the six months ended June 30, 2008.

Capital expenditure

The following table shows capital expenditure for property, plant and equipment and filling machines.

In millions of EUR	For the six months ended June 30, 2009	2008
Property, plant and equipment (excluding filling machines)	10.2	22.3
Filling machines	24.4	31.8
Total capital expenditures for continuing operations	**34.6**	**54.1**
Discontinued Operations	-	-
Total capital expenditure	**34.6**	**54.1**

The capital expenditure program is a blend of capital expenditure for property, plant and equipment and market driven capital expenditure in respect of the manufacture and placement of filling machines for customers. Capital expenditure for property, plant and equipment comprises costs required to maintain and upgrade the existing facilities and those associated with the construction of new locations. Approximately €12.0 million of the €22.3 million in capital expenditure for the six months ended June 30, 2008 was attributable to the plant expansion project in China which was completed in the fourth quarter of 2008. Capital expenditure on filling machines consists of the capital cost of placing new filling machines in the market as well as replacing existing machines.

Capital resources

The acquisition of SIG and the related transactions in May 2007 were funded by a combination of the Senior Credit Facilities, the Senior Subordinated Bridge Facility and equity contributions by BP I. The Senior Subordinated Bridge Facility was repaid using funds from the issue of the Notes and €130.0 million of term loans under the Senior Credit Facilities was repaid using funds from the issue of the Notes. Our subsequent operations principally have been funded by existing cash resources, cash flows from operations, trade receivable factoring programs and local bank facilities.

We will continue to need significant cash resources to, among other things:

- meet our debt service requirements under our Senior Credit Facilities, the Notes and our other indebtedness;
- fund our working capital requirements;
- make capital investments;
- expand our business through acquisitions and otherwise; and
- fund our research and development activities.

We have substantial debt and debt service obligations. At June 30, 2009, we had approximately €1.4 billion of debt. We also may incur additional debt in the future. See "Risk factors – We may be able to incur substantially more debt".

Intra-group funding

The liquidity needs of BP II, BP I and its subsidiaries are met through a combination of internally generated cash flows, dividends, intercompany loans, capital contributions, intra-group payment obligations, transfer payments, payments under license, royalty and services agreements and other arrangements.

Subsidiaries may be restricted from providing funds to BP I and other subsidiaries (including guarantors of the Notes) under a variety of circumstances. Certain subsidiaries are subject to corporate law and contractual restrictions, including restrictions under debt instruments such as the Senior Credit Facilities, indentures relating to the Notes and the intercreditor agreement, that limit their ability to pay dividends or make other distributions.

We expect that the debt service requirements of BP II under the Notes will be satisfied through payments under the proceeds of loans. We may also, but are not required to, provide BP II with funds to meet debt service requirements under the Notes through intercompany loans or other methods.

Sources of liquidity

Our sources of liquidity for the future are expected to be our existing cash resources, cash flows from operations, trade receivable factoring programs, drawings under our revolving credit facility and local bank facilities. In addition to the cash and cash equivalents disclosed in the interim unaudited condensed combined statement of financial position, the combined Group, at June 30, 2009, had €10.0 million available under the Thailand local bank facility, €38.0 million available under the China local bank facility and €45.0 million available for drawing under the revolving credit facility. At June 30, 2009, €40.0 million was utilised under the revolving facility in the form of bank guarantees made available to the combined Group entities in the ordinary course of business in favour of transactional banks. The bank guarantees were utilised in the amount of €7.8 million.

If we are required to borrow additional amounts under the revolving credit facility and our other bank facilities, we may be restricted from doing so by the terms of such indebtedness, including financial maintenance covenants and other conditions, as well as the terms of our other indebtedness, including the Notes.

We believe that our cash flows from operations and our existing available cash, together with our other available external financing sources, will be adequate to meet our future liquidity needs for the foreseeable future, although we cannot assure you that this will be the case.

Our future operating performance and our ability to service or refinance the Senior Credit Facilities, the Notes and other indebtedness are subject to economic conditions, financial, business and other factors, many of which are beyond our control.

Contractual obligations

The following table summarises the combined Group's material contractual obligations as at June 30, 2009:

	Payments due by period as at June 30, 2009			
In millions of EUR	**Total**	**Less than one year**	**One to five years**	**Over five years**
Contractual obligations				
Total debt[(a)]	2,113.0	98.3	473.2	1,541.2
Operating leases	15.7	4.7	8.4	2.6
Unconditional capital expenditure obligations	5.5	5.5	-	-
Total contractual cash obligations	**2,134.2**	**108.5**	**481.9**	**1,543.8**

[(a)] Total contracted debt repayments consist of the principal amounts, fixed and floating rate interest obligations and the cash flows associated with derivatives designated as hedging instruments. For purposes of the calculation, we assumed that the June 2009 1 month EURIBOR plus margins was applicable with respect to the floating rate debt and the June 2009 1 month EURIBOR plus margins was applicable with respect to debt hedged by the €305 million interest rate swaps following their maturity on July 12, 2010.

The amounts shown in the table above represent the current contractual obligations as at June 30, 2009. As most of the planned capital expenditures are not currently committed, the future capital expenditures will substantially exceed the amounts shown above. In addition actual future expenditures for the other items shown above could exceed the amounts shown due to changes in the combined Group's business plan, operating results or other factors.

Contingent liabilities

Our contingent liabilities are primarily comprised of guarantees of third-party obligations, including obligations of joint ventures, indemnification obligations under purchase and sale agreements, letters of credit and performance bonds and other similar obligations arising in the ordinary course of business. See note 22 of the interim unaudited condensed combined financial statements.

Off-balance sheet arrangements

Our off-balance sheet arrangements primarily relate to the potential obligation to buy back filling machines from third party finance companies if a lessee defaults. Since 2002 we have sold some of our filling machines to third party finance companies, which then lease the machines to customers. The terms of such sales allowed the third party finance companies to lease the filling machine to someone else or return it to us if a lessee defaulted. Filling machines that are returned to us are recognised as a component of inventory. The potential obligation to buy back filling machines exposed the combined Group to a potential maximum amount of €53.3 million as at June 30, 2009 and €79.1 as at December 2008. For more information refer to the "Critical accounting policies – accounting for the sale of filling machines".

Qualitative and quantitative disclosures about market risk

Interest rate risk

Our policy is to manage interest rate risk through the use of both fixed and floating rate debt as well as the use of derivatives in the form of interest rate swaps. Our primary floating rate exposure is to interest rates in Europe. Our policy is to have no more than 40% of our debt exposed to movements in interest rates at any one time.

Our total gross debt as at June 30, 2009 was €1,395.8 million (before unamortised debt issue costs) of which €900.0 million has been borrowed at fixed interest rates. Our fixed interest debt is primarily comprised of the Notes.

Our floating interest debt is primarily comprised of our Senior Credit Facilities due in 2015 and 2016. At June 30, 2009 we had €484.5 million outstanding under our Senior Credit Facilities.

We have entered into interest rate swap agreements to hedge €305.0 million of our floating rate debt outstanding under our Senior Credit Facilities through July 12, 2010, effectively fixing EURIBOR at 4.7%. As a consequence of entering into these agreements, approximately 13% of our gross debt facilities will be subject to fluctuations in interest rates.

Other than the facilities above, our debt comprises a number of smaller working capital facilities extended to certain operating companies in the combined Group. There were no amounts outstanding under such facilities as at June 30, 2009. These facilities can bear interest at floating or fixed rates.

We currently hold cash on deposit, which earns interest at floating rates. Interest rates earned on these cash deposits are subject to changes in interest rates in Europe and other global jurisdictions. We do not currently intend to hedge our exposure to movements in interest rates earned on our cash on deposit.

Foreign currency exchange rate risk

The operating companies of the combined Group consist of an international group of companies mainly headquartered in Switzerland. The currency used in most of our trading activities is the Euro. The currencies used in our major markets outside of the European Union are the Swiss Franc, the U.S. dollar, the Thai Baht and the Chinese Yuan Renminbi. As a result, we are exposed to risk arising from movements in these and certain other foreign currency exchange rates.

From time to time we hedge a portion of our foreign currency exchange rate risk. At June 30, 2009 we had the following exposures for foreign currency derivatives and interest rate swaps:

	June 30, 2009			
(€ millions)	**Foreign currency forward purchases**	**Foreign currency forward sales**	**Interest rate swap**	**Total contract values**
Notional exposures	31	4	305	340

Commodity risk

We purchase certain raw material commodities such as raw cartonboard, PE resin, aluminium and steel. Other than cartonboard and some aluminium hedging, we generally purchase these commodities at spot market prices. Other than for aluminium, we do not use commodity financial instruments or derivatives to hedge commodity prices.

Pension plans

The combined Group sponsored ten pension plans as at June 30, 2009. Contributions are calculated based on a mandatory pension system in Switzerland and on the advice of the actuaries for the voluntary plans in other countries. Based on the last actuarial assessment performed by an independent actuary, a pension cost of €4 million was recognised in the statement of comprehensive income for the year ended December 31, 2008.

The plans generally provide benefits on a defined contribution basis for all employees in Switzerland and selected employees in Germany. A number of employees and retirees in other jurisdictions, mainly Austria and the United States, have defined benefit and pension entitlements.

Beverage Packaging Holdings Group

Interim unaudited condensed combined financial statements

For the six month period ended June 30, 2009

Beverage Packaging Holdings Group

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Beverage Packaging Holdings Group

Interim unaudited condensed combined statements of comprehensive income

For the period ended

		Six months ended June 30,		Three months ended June 30,	
In millions of EUR	**Note**	**2009**	**2008**	**2009**	**2008**
Revenue	8	609.3	613.4	318.9	325.1
Cost of sales		(474.9)	(504.8)	(240.0)	(267.9)
Gross profit		**134.4**	**108.6**	**78.9**	**57.2**
Other income	9	18.8	22.1	10.0	11.2
Selling, marketing and distribution expenses		(25.5)	(25.9)	(14.1)	(13.2)
General and administration expenses		(67.7)	(63.8)	(34.4)	(32.9)
Other expenses	10	(4.8)	-	(3.6)	-
Share of profit of joint ventures, net of income tax (equity method)		2.6	1.1	1.1	0.5
Profit (loss) from operating activities		**57.8**	**42.1**	**37.9**	**22.8**
Financial income	12	1.6	2.7	0.1	(4.1)
Financial expenses	12	(61.3)	(70.9)	(30.7)	(35.7)
Net financial expenses		**(59.7)**	**(68.2)**	**(30.6)**	**(39.8)**
Profit (loss) before income tax		**(1.9)**	**(26.1)**	**7.3**	**(17.0)**
Income tax benefit (expense)	13	(16.4)	(9.5)	(7.0)	(6.6)
Profit (loss) from continuing operations		**(18.3)**	**(35.6)**	**0.3**	**(23.6)**
Profit (loss) from discontinued operations, net of income tax	7	-	28.4	-	23.6
Profit (loss) for the period		**(18.3)**	**(7.2)**	**0.3**	**-**
Other comprehensive income for the period, net of income tax					
Exchange differences on translating foreign operations		2.2	(15.0)	(11.3)	(20.6)
Cash flow hedges		(0.8)	5.0	1.6	7.4
Total other comprehensive income for the period, net of income tax		**1.4**	**(10.0)**	**(9.7)**	**(13.2)**
Total comprehensive income for the period		**(16.9)**	**(17.2)**	**(9.4)**	**(13.2)**
Profit (loss) attributable to:					
Equity holders of the combined Group		(18.3)	(7.2)	0.3	-
Minority interests		-	-	-	-
		(18.3)	**(7.2)**	**0.3**	**-**
Total other comprehensive income attributable to:					
Equity holders of the combined Group		1.4	(10.0)	(9.7)	(13.2)
Minority interests		-	-	-	-
		1.4	**(10.0)**	**(9.7)**	**(13.2)**

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

Beverage Packaging Holdings Group

Interim unaudited condensed combined statements of financial position

As at

In millions of EUR	Note	June 30, 2009	December 31, 2008
Assets			
Cash and cash equivalents		184.9	133.1
Trade and other receivables		124.4	159.4
Derivatives		0.2	0.3
Current tax assets		4.0	2.0
Inventories	14	130.5	130.2
Other assets		6.4	6.5
Total current assets		**450.4**	**431.5**
Other receivables		24.3	27.3
Investments in joint ventures (equity method)		59.6	57.7
Deferred tax assets		27.5	27.2
Property, plant and equipment	15	455.6	475.3
Investment property		54.6	58.7
Intangible assets	16	1,104.9	1,142.7
Other assets		3.7	3.7
Total non-current assets		**1,730.2**	**1,792.6**
Total assets		**2,180.6**	**2,224.1**
Liabilities			
Trade and other payables		145.7	131.2
Interest bearing borrowings	17	0.4	41.8
Employee benefits		22.4	26.1
Current tax liabilities		34.2	16.6
Derivatives		1.2	3.4
Provisions	18	35.8	39.0
Total current liabilities		**239.7**	**258.1**
Interest bearing borrowings	17	1,353.4	1,351.2
Deferred tax liabilities		129.1	139.8
Derivatives		12.5	11.3
Employee benefits		66.5	65.6
Provisions	18	23.7	25.5
Total non-current liabilities		**1,585.2**	**1,593.4**
Total liabilities		**1,824.9**	**1,851.5**
Net assets		**355.7**	**372.6**
Equity and reserves			
Share capital	19	405.0	405.0
Reserves	19	23.5	22.1
Retained earnings		(72.8)	(54.5)
Equity attributable to equity holders of the combined Group		**355.7**	**372.6**
Minority interests		-	-
Total equity		**355.7**	**372.6**

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

Beverage Packaging Holdings Group

Interim unaudited condensed combined statements of changes in equity

For the period ended

In millions of EUR	Share capital	Translation of foreign operations	Hedge reserve	Retained earnings	Equity attributable to equity holders of the combined Group	Minority interests	Total
Balance at the beginning of the period	405.0	29.9	(7.8)	(54.5)	372.6	-	372.6
Total comprehensive income for the period	-	2.2	(0.8)	(18.3)	(16.9)	-	(16.9)
Balance at June 30, 2009	**405.0**	**32.1**	**(8.6)**	**(72.8)**	**355.7**	**-**	**355.7**
Balance at the beginning of the period	405.0	(10.3)	(2.5)	(36.7)	355.5	-	355.5
Total comprehensive income for the period	-	(15.0)	5.0	(7.2)	(17.2)	-	(17.2)
Balance at June 30, 2008	**405.0**	**(25.3)**	**2.5**	**(43.9)**	**338.3**	**-**	**338.3**

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

Beverage Packaging Holdings Group

Interim unaudited condensed combined statements of cash flows
For the period ended

In millions of EUR	June 30, 2009	June 30, 2008
Cash flows from operating activities		
Cash received from customers	631.3	607.5
Cash paid to suppliers and employees	(443.1)	(455.7)
Interest paid	(57.5)	(65.9)
Income taxes paid	(10.6)	(9.9)
Net cash from (used in) operating activities	**120.1**	**76.0**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(24.5)	(42.0)
Proceeds from sale of property, plant and equipment	4.8	8.7
Acquisition of intangible assets	(10.1)	(12.1)
Disposal of business, net of cash disposed	-	114.9
Disposal of other investments	3.7	4.9
Dividends received	0.5	-
Interest received	1.2	2.7
Net cash from (used in) investing activities	**(24.4)**	**77.1**
Cash flows from financing activities		
Repayment of loans and borrowings		
Secured bank borrowings	(18.6)	(106.9)
Other borrowings	(26.9)	(15.5)
Net cash from (used in) financing activities	**(45.5)**	**(122.4)**
Net increase (decrease) in cash and cash equivalents	**50.2**	**30.7**
Cash and cash equivalents at the beginning of the period	133.1	45.5
Effect of exchange rate fluctuations on cash held	1.6	0.3
Cash and cash equivalents at period end	**184.9**	**76.5**

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

Beverage Packaging Holdings Group

Interim unaudited condensed combined statements of cash flows (continued)

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

In millions of EUR	June 30, 2009	June 30, 2008
Profit (loss) for the period from continuing operations	(18.3)	(35.6)
Adjustments for:		
Impairment charge on investment properties	3.2	-
Depreciation of property, plant and equipment	45.0	40.6
Amortisation of intangible assets	44.4	43.2
Change in fair value of derivatives	(2.2)	5.0
Gain on sale of property, plant and equipment and investment property	(2.7)	(0.6)
Net financing costs	59.7	68.2
Share of profit of joint ventures, net of income tax (equity method)	(2.6)	(1.1)
Income tax expense	16.4	9.5
Interest paid	(57.5)	(65.9)
Income tax paid	(10.6)	(9.9)
	74.8	**53.4**
Change in trade and other receivables	37.4	31.9
Change in inventories	1.6	(19.4)
Change in trade and other payables	10.4	(7.3)
Change in provisions and employee benefits	(4.1)	17.4
Net cash from (used in) operating activities	**120.1**	**76.0**

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

Beverage Packaging Holdings Group

Interim unaudited condensed consolidated combined statements of cash flows

Acquisitions and disposals of businesses
For the period ended

	June 30,			
	2009		2008	
In millions of EUR	**Acquisitions**	**Disposals**	**Acquisitions**	**Disposals**
Inflow (outflow) of cash:				
Cash proceeds (payments)	-	-	-	119.4
Net cash acquired (disposed of)	-	-	-	(4.5)
Inflow (outflow) of cash	-	-	-	114.9
Details of net assets (acquired) disposed of:				
Property, plant and equipment	-	-	-	22.7
Goodwill	-	-	-	22.6
Identifiable intangible assets (excluding goodwill)	-	-	-	39.8
Trade and other receivables	-	-	-	37.6
Inventories	-	-	-	36.3
Cash and cash equivalents	-	-	-	4.5
Other current and non-current assets	-	-	-	1.1
Trade creditors	-	-	-	(47.8)
Interest bearing borrowings	-	-	-	(7.2)
Deferred tax liabilities	-	-	-	(8.8)
Provisions	-	-	-	(9.9)
Impact of amounts recycled from translation of foreign operations	-	-	-	1.5
Net assets (acquired) disposed of	**-**	**-**	**-**	**92.4**

Refer to note 21 for further details of disposals.

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

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 interim unaudited condensed combined financial statements of the Beverage Packaging Holdings Group (the "combined Group") as at and for the six month period ended June 30, 2009 comprise the combination of BP I and its subsidiaries, including Beverage Packaging Holdings (Luxembourg) III S.à.r.l. ("BP III") and SIG Combibloc Group AG (formerly SIG Holding AG) and its subsidiaries ("SIG") and of BP II.

The combined Group is one of the world's leading manufacturers and suppliers of aseptic carton packaging solutions and has operated in that industry for over 30 years. The combined Group manufactures a broad range of high quality aseptic carton packaging solutions that are designed to retain taste and nutritional value of beverages and liquid food, without the use of chemical preservatives, even when stored for months without refrigeration. The combined Group's business is the supply of aseptic carton packing systems, which include aseptic filling machines, aseptic cartons, spouts and closures. The aseptic cartons range in size from 125ml to 2l and consist of multi-layer containers made from cartonboard, polyethylene and aluminium. The combined Group operates in 31 countries.

The address of the registered office of BP I and BP II is 6 Parc d'Activités Syrdall, L-5365 Munsbach, Luxembourg.

2. Basis of preparation

2.1 Statement of compliance

The interim unaudited condensed combined financial statements have been prepared in accordance with IAS 34: "Interim Financial Reporting". The disclosures required in these interim unaudited condensed combined financial statements are less extensive than the disclosure requirements for annual financial statements.

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

The interim unaudited condensed combined financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the combined Group for the period ended December 31, 2008.

The interim unaudited condensed combined financial statements were approved by the respective Boards of Management of BP I and BP II (the "Boards") on August 13, 2009.

2.2 Changes to presentation of statement of comprehensive income

The combined Group has elected to present information within the statement of comprehensive income by function for the period ended June 30, 2009, which is consistent with the presentation in the annual audited financial statements for the year ended December 31, 2008. In addition, comparative information, which was previously presented by nature within this statement, has been reclassified. This election by the Boards was made to ensure presentation of the financial statements by the combined Group is consistent with that of its ultimate parent entity Packaging Holdings Limited ("PHL") and with other sister companies of PHL, which are controlled by Mr G.R. Hart and are collectively referred to as the "Rank Group". Refer to note 11 for further information.

2.3 Going concern

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

2.4 Basis of measurement

The interim unaudited condensed combined financial statements have been prepared under the historical cost convention except for assets held-for-sale, which are measured at the lower of carrying value and fair value less costs to sell, available for sale financial assets and derivatives which are measured at fair value and certain components of inventory which are measured at net realisable value.

The accounting policies applied by the combined Group in these interim unaudited condensed combined financial statements are the same as those applied by the combined Group in the annual financial statements for the period ended December 31, 2008.

2.5 Presentation currency

These interim unaudited condensed combined financial statements are presented in Euro ("EUR" or "€"), which is the combined Group's presentation currency. All financial information presented in Euro has been rounded to the nearest tenth of a million, unless otherwise stated.

3. Use of estimates and judgements

The preparation of interim unaudited condensed combined financial statements requires the Boards 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 recognised 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 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 Cash Generating Units ("CGUs") to which these assets have been allocated. Recoverable values have been based on fair value less costs to sell or on value in use (as appropriate for the CGU being reviewed). Significant judgement is involved with estimating the fair value of a CGU. The value in use calculation requires the combined 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) Rights to supply (definite life intangible assets)

Under the combined Group's integrated filling machine and carton sleeve sale and supply arrangements, the difference between the sale price of a filling machine and the cost to manufacture the machine is capitalised as an intangible asset (rights to supply) at the point of sale and then amortised over the term of the carton sleeve contract. At each reporting date, the unamortised balance is reviewed by management to assess whether it will be recovered from the projected gross margin of the estimated future carton sleeve sales. Any write down in the recoverable amount of the intangible asset is recognised in the statement of comprehensive income in the period in which the gross margin decline is noted. In undertaking this analysis management is required to make certain estimates in respect of the expected future sales volumes and margins in order to assess the recoverability of this intangible asset.

(c) Other assets

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

3.2 Income taxes

The combined Group is subject to income taxes in numerous jurisdictions which require significant judgement to be exercised in determining the combined 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 recognised at the amount expected to be paid to or recovered from the taxation authorities. The combined Group recognises 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 Realisation of deferred tax assets

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

4. Financial risk management

During the six month period ended June 30, 2009 the combined Group continued to apply the risk management objectives and policies disclosed in the annual financial statements of the combined Group for the period ended December 31, 2008.

5. Seasonality and working capital fluctuations

The combined Group's business is impacted by moderate levels of seasonal fluctuations. Although the combined Group's customers are principally engaged in providing products such as beverages and food that are generally less sensitive to seasonal effects, some seasonality is experienced as a result of consumer trends (i.e. increased consumption of tea and juices during the summer months in Europe). As a result, the carton sleeve sales in the second and third quarter are usually greater than the rest of the year. Sales in the fourth quarter may also increase as a result of the timing of the first quarter volume rebate calculations in respect of the sleeve sales, which encourages customers to purchase additional sleeves prior to the end of the year.

Sales of filling machines historically increase in the fourth quarter as customers seek to utilise their residual capital expenditure budgets before the end of their operating years. As a result, the combined Group usually experiences lower levels of sales and builds inventory levels of filling machines during the first, second and third quarters, which collectively increases working capital levels and reduces operating cash flows.

6. Segment reporting

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the combined 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 combined Group's CODM resides within the parent entity, Rank Group Holdings Limited ("RGHL"). Information reported to the combined Group's CODM for the purposes of resource allocation and assessment of segment performance is focused on the sole business segment that exists within the combined Group.

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

7. Discontinued operations

On April 2, 2008 the combined Group completed the sale of the SIG Beverages operations. As a result of this, the Beverages segment has been disclosed as a discontinued operation since December 31, 2007.

	For the six months ended June 30,	
In millions of EUR	2009	2008
Results of discontinued operations		
Revenue	-	34.4
Cost of sales	-	(22.1)
Gross profit		**12.3**
Expenses	-	(7.4)
Results from operating activities		4.9
Net financial expenses	-	-
Income tax expense	-	(0.8)
Result from operating activities, net of income tax	-	4.1
Gain (loss) on sale of discontinued operation	-	40.3
Income tax on (gain) loss on sale of discontinued operation	-	(16.0)
Profit (loss) for the period	**-**	**28.4**
Cash flows from discontinued operations		
Net cash (used in) operating activities	-	(16.8)
Net cash (used in) investing activities	-	(4.0)
Net cash from financing activities	-	17.9
Net cash from (used in) discontinued operations	**-**	**(2.9)**

8. Revenue

	For the six months ended June 30,	
In millions of EUR	2009	2008
Sale of goods	587.1	591.4
Services	22.2	22.0
Total revenue	**609.3**	**613.4**

9. Other income

	For the six months ended June 30.	
In millions of EUR	2009	2008
Rental income from investment property	3.9	5.4
Net foreign currency exchange gain	-	6.0
Income from facility management	1.9	1.7
Income from IT services	0.5	1.2
Income from accounting services	0.1	0.1
Gain from sale of property, plant and equipment	2.7	0.6
Other	9.7	7.1
Total other income	**18.8**	**22.1**

Beverage Packaging Holdings Group

Notes to the interim unaudited condensed combined financial statements
For the period ended June 30, 2009

10. Other expenses

	For the six months ended June 30,	
In millions of EUR	2009	2008
Impairment charge on investment properties	(3.2)	-
Net foreign currency exchange loss	(1.6)	-
Total other expenses	**(4.8)**	**-**

11. Profit and loss presentation

As described in note 2.2 the combined Group has elected to alter the presentation of information within the statement of comprehensive income. Information in respect of the composition of EBIT is presented below by nature:

11.1 Profit and loss by nature

	For the six months ended June 30,	
In millions of EUR	2009	2008
Revenue	609.3	613.4
Other income	18.8	22.1
Share of profit of joint ventures, net of income tax (equity method)	2.6	1.1
Own work capitalised	23.5	23.7
Changes in inventories of finished goods & work in progress	5.0	12.2
Raw materials, supplies and services	(271.1)	(320.8)
Personnel expenses	(120.4)	(113.9)
Other operating expenses (refer to note 11.2)	(117.3)	(111.9)
Impairment charge on investment properties	(3.2)	-
EBITDA	**147.2**	**125.9**
Depreciation of property, plant & equipment	(45.0)	(40.6)
Amortisation of intangible assets	(44.4)	(43.2)
Profit from operating activities (EBIT)	**57.8**	**42.1**

11.2 Details of other operating expenses

	For the six months ended June 30,	
In millions of EUR	2009	2008
Advertising, representation and travelling expenses	(43.4)	(43.6)
Maintenance, energy and rental expenses	(24.2)	(25.4)
Design and testing expenses	(4.0)	(3.9)
Legal and consultancy expenses	(6.2)	(4.7)
Value adjustments and losses on receivables	(1.1)	(0.3)
Sales expenses	(16.4)	(14.3)
Other administrative expenses	(22.0)	(19.7)
Total other operating expenses	**(117.3)**	**(111.9)**

12. Financial income and expenses

	For the six months ended June 30,	
In millions of EUR	2009	2008
Interest income	1.6	1.4
Net foreign currency exchange gain	-	1.3
Financial income	**1.6**	**2.7**
Interest expense on financial liabilities measured at amortised cost		
Senior notes and senior subordinated notes	(39.2)	(39.2)
Bank borrowings	(15.6)	(21.9)
Related party borrowings	(0.2)	(0.4)
Other borrowings	(2.5)	(3.0)
Amortisation of deferred debt transaction costs	(2.3)	(5.8)
Net change in market values of securities	-	(0.6)
Net foreign currency exchange loss	(1.5)	-
Financial expenses	**(61.3)**	**(70.9)**
Net financial expenses	**(59.7)**	**(68.2)**

13. Income tax

Income tax expense for the period increased by €6.9 million to €16.4 million compared to €9.5 million in the previous year. €5.3 million of the increase is a result of the New Zealand Controlled Foreign Companies ("CFC") taxation rules. As BP I and BP II are dual residents in Luxembourg and New Zealand for tax purposes, the companies are taxed on their attributable CFC income in New Zealand. During the period a tax expense of €11.1 million has been recognised in the statement of comprehensive income as a result of the finalisation of the December 2007 tax return which has been partially offset by the recognition of a deferred tax asset (€5.8 million) resulting from a revision to the forecasted 2009 CFC income and therefore expected utilisation of the 2008 losses. The remaining increase in the income tax expense of €1.6 million is the result of higher taxable results of the operating companies.

14. Inventories

As at	**June 30**	**December 31**
In millions of EUR	**2009**	**2008**
Raw materials and consumables	25.9	34.2
Work in progress	26.7	28.1
Finished goods	77.9	67.9
Total inventories	**130.5**	**130.2**

15. Property, plant and equipment

As at In millions of EUR	**Land and buildings**	**Plant and equipment**	**Capital work in progress**	**Leased assets Lessor**	**Total**
Cost	173.4	283.4	13.8	119.5	590.1
Accumulated impairment losses	-	-	-	-	-
Accumulated depreciation	(15.1)	(72.1)	-	(47.3)	(134.5)
Carrying amount at June 30, 2009	**158.3**	**211.3**	**13.8**	**72.2**	**455.6**
Cost	173.4	274.0	8.2	109.2	564.8
Accumulated impairment losses	-	-	-	-	-
Accumulated depreciation	(10.7)	(46.1)	-	(32.7)	(89.5)
Carrying amount at December 31, 2008	**162.7**	**227.9**	**8.2**	**76.5**	**475.3**

The depreciation charge of €45.0 million for the period (June 30, 2008: €40.6 million) is recognised in the statements of comprehensive income as a component of cost of sales (2009: €43.8 million, June 30, 2008: €39.2 million) and general and administration expenses (2009: €1.2 million, June 30, 2008: €1.4 million).

16. Intangible assets

As at In millions of EUR	**Goodwill**	**Trademarks**	**Rights to supply**	**Others**[(a)]	**Total**
Cost	639.0	183.5	114.7	372.6	1,309.8
Accumulated impairment losses	-	-	-	-	-
Accumulated amortisation	-	-	(55.7)	(149.2)	(204.9)
Carrying amount at June 30, 2009	**639.0**	**183.5**	**59.0**	**223.4**	**1,104.9**
Cost	637.1	187.7	104.8	373.6	1,303.2
Accumulated impairment losses	-	-	-	-	-
Accumulated amortisation	-	-	(44.7)	(115.8)	(160.5)
Carrying amount at December 31, 2008	**637.1**	**187.7**	**60.1**	**257.8**	**1,142.7**

[(a)] Mainly consists of patents/ technology and capitalised customer base

The amortisation charge of €44.4 million for the period (June 30, 2008: €43.2 million) is recognised in the statements of comprehensive income as a component of cost of sales (2009: €31.1 million, June 30, 2008: €29.6 million) and general and administration expenses (2009: €13.3 million, June 30, 2008: €13.6 million).

16.1 Impairment testing for CGUs containing indefinite life intangible assets

Goodwill and trademarks are the only intangible assets with indefinite useful lives and are therefore not subject to amortisation. Instead, recoverable amounts are calculated annually as well as whenever there is an indication that they may be impaired.

For the purpose of impairment testing, goodwill and trademarks are allocated to the combined Group's single CGU, SIG Combibloc which represents the lowest level within the combined Group at which the goodwill and trademarks are monitored for internal management purposes.

The impairment testing performed for the CGU at June 30, 2009 was based on the value in use which was determined by discounting the future cash flows generated from the continuing use of the CGU.

The estimated recoverable amount of the CGU has been assessed by management and continues to exceed the carrying amount including goodwill.

17. Interest bearing borrowings

As at

In millions of EUR	**June 30 2009**	**December 31 2008**
Secured bank borrowings [(a) (d)]	-	18.7
Secured local facilities [(e)]	-	-
Bank borrowings [(h)]	-	22.4
Current portion of finance lease liabilities	-	0.1
Other borrowings	0.4	0.6
Current liabilities	**0.4**	**41.8**
Secured bank borrowings [(a) (d)]	471.8	470.8
Secure local facilities [(e)]	-	-
8% senior notes [(b) (f)]	464.6	463.8
$9^1/_2$% senior subordinated notes [(c) (f)]	406.1	405.6
Related party borrowings [(g)]	10.2	10.2
Other borrowings	0.7	0.8
Non-current liabilities	**1,353.4**	**1,351.2**
(a) Secured bank borrowings (current and non-current)	484.5	503.1
Transaction costs	(12.7)	(13.6)
Carrying amount	**471.8**	**489.5**
(b) 8% senior notes	480.0	480.0
Transaction costs	(15.4)	(16.2)
Carrying amount	**464.6**	**463.8**
(c) 9½% senior subordinated notes	420.0	420.0
Transaction costs	(13.9)	(14.4)
Carrying amount	**406.1**	**405.6**

(d) Senior Secured Credit Facilities

On May 11, 2007, BP I (as Borrower and together with RGHL and BP III, as Initial Guarantors), Credit Suisse, certain financial institutions and certain members of the combined Group entered into the Senior Secured Credit Agreement (the "Senior Credit Facilities"). The Senior Credit Facilities consisted of term facilities of €370.0 million maturing May 11, 2015 ("Facility B") and €370.0 million maturing May 11, 2016 ("Facility C") which were fully drawn on May 11, 2007 and a revolving facility of €85.0 million maturing May 11, 2014. On September 11, 2007, certain Austrian and German subsidiaries of SIG Combibloc Group AG became borrowers under the Senior Credit Facilities and as a result BP I repaid in full the amounts it owed under the Senior Credit Facilities. Indebtedness under the Senior Credit Facilities may be voluntarily repaid in whole or in part and must be mandatorily repaid in certain circumstances. In the period ended June 30, 2009 €9.4 million was repaid in respect of Facility B and €9.3 million was repaid in respect of Facility C, with cumulative repayments since the drawing of these facilities amounting to €127.8 million for Facility B and €127.7 million for Facility C. At June 30, 2009, €40.0 million was utilised under the revolving facility in the form of bank guarantees made available to the combined Group entities in the ordinary course of business in favour of transactional banks. The bank guarantees were utilised in the amount of €7.8 million.

The rate of interest payable for each interest period is the percentage rate per annum which is the aggregate of the applicable margin and either EURIBOR one, three or six months or a period as agreed with the Agent and mandatory costs (if any). Presently the combined Group has elected to utilise the EURIBOR one month rate.

The applicable margins for the period ended June 30, 2009 on Facility B and Facility C respectively were 2.25% (2008: 2.25%) and 2.5% (2008: 2.5%) per annum. The underlying EURIBOR for the month of June 2009 interest payment was 0.962%. The resulting effective interest rates for the six month period ended June 30, 2009 on Facility B and C respectively were 4.10% (June 2008: 6.96%) and 4.28% (June 2008: 7.15%). We have entered into interest rate swap agreements to hedge €305.0 million of our floating rate debt outstanding under our Senior Credit Facilities through July 12, 2010, effectively fixing EURIBOR at 4.7%. As a consequence of entering into these agreements, approximately 13% of our gross debt facilities will be subject to fluctuations in interest rates.

RGHL, the sole shareholder of both BP I and BP II and the indirect shareholder of BP III, along with BP I and BP III have guaranteed on a senior basis the obligations under the Senior Credit Facilities and related documents to the extent permitted by law. In addition, the Austrian, German, Swiss, U.S., Guernsey, UK, Luxembourg and Thai subsidiaries along with SIG Combibloc Group AG have guaranteed on a senior basis the obligations under the Senior Credit Facilities and related documents to the extent permitted by law. Security comprising certain assets of the guarantors has been given to support the obligations under the borrowings and the guarantees.

Under the Senior Credit Facilities covenants, the Senior Secured Leverage ratio is required to be less than 4.5:1. In addition (i) the aggregate of the unconsolidated total assets of the Security Companies (as defined therein) is required to exceed 80% of the unconsolidated total gross assets of BP I and its subsidiaries, (ii) the aggregate of the EBITDA of the Security Companies is required to exceed 80% of the of the EBITDA of BP I and its subsidiaries and (iii) the aggregate of turnover of the Security Companies is required to exceed 80% of the net sales of BP I and its subsidiaries, in each case calculated in accordance with the Senior Credit Facilities. At June 30, 2009, the combined Group was in compliance with the covenants under the Senior Credit Facilities.

(e) Secured local facilities

At June 30, 2009 secured local facilities comprised a bank facility in Thailand for the equivalent of €10.0 million (December 2008: €10.0 million) with HSBC, which is secured under the Senior Credit Facilities in accordance with the terms of the intercreditor arrangements. At June 30, 2009 the facility was undrawn (December 2008: nil).

(f) Senior Notes and Senior Subordinated Notes

On June 29, 2007 BP II issued the Senior Notes and the Senior Subordinated Notes (the "Notes"). BP II pays interest on the Notes semi-annually on both June 15 and December 15. Interest payments commenced on December 15, 2007. The Senior Notes are secured on a second-priority basis and the 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 loans of the proceeds of the Notes made by BP II to BP I. All of the guarantors of the Senior Credit Facilities have also guaranteed the Notes.

(g) Related party borrowings

The combined Group has a €10.2 million loan from RGHL. The rate of interest payable is the aggregate of EURIBOR plus a margin of 2.375%.

(h) Bank borrowings

In addition to the Senior Credit Facilities and the Notes, the combined Group has a number of smaller working capital facilities extended to certain operating companies of the combined Group. These facilities can bear interest at floating or fixed rates.

17.1 Terms and debt repayment schedule

				As at June 30, 2009		As at December 31, 2008	
In millions of EUR	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Secured bank borrowings (Facility B)	EUR	EURIBOR + 2.25%	2015	242.2	235.9	251.6	244.8
Secured bank borrowings (Facility C)	EUR	EURIBOR + 2.5%	2016	242.3	235.9	251.5	244.7
Secured local facilities	EUR			-	-	-	-
8% senior notes	EUR	8%	2016	480.0	464.6	480.0	463.8
9 ½% senior subordinated notes	EUR	9.5%	2017	420.0	406.1	420.0	405.6
Related party - RGHL	EUR	EURIBOR + 2.375%	2016	10.2	10.2	10.2	10.2
Other borrowings				1.1	1.1	23.9	23.9
				1,395.8	**1,353.8**	**1,437.2**	**1,393.0**

18. Provisions

In millions of EUR	Legal and warranty	Restructuring[a]	Other[b]	Total
Current	16.5	1.3	18.0	35.8
Non-current	19.1	-	4.6	23.7
Total provisions at June 30, 2009	**35.6**	**1.3**	**22.6**	**59.5**
Current	18.6	1.0	19.4	39.0
Non-current	20.6	-	4.9	25.5
Total provisions at December 31, 2008	**39.2**	**1.0**	**24.3**	**64.5**

[a] During the period an expense in respect of restructuring costs of €9.5 million has been recognised (June 2008: €3.2 million).
[b] Other provisions mainly consist of a provision for income tax payable to the buyer of the sold SIG Beverages segment.

19. Equity and reserves

19.1 Share capital

As at a) Beverage Packaging Holdings (Luxembourg) I S.A. In shares	June 30 2009	December 31 2008
Balance at the beginning of the period	13,063,527	13,063,527
Balance at the end of the period	**13,063,527**	**13,063,527**

All issued shares are fully paid and have a par value of €31.

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

As at b) Beverage Packaging Holdings (Luxembourg) II S.A. In shares	June 30 2009	December 31 2008
Balance at the beginning of the period	1,000	1,000
Balance at the end of the period	**1,000**	**1,000**

All issued shares are fully paid and have a par value of €31.

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

19.2 Reserves

As at In millions of EUR	June 30 2009	December 31 2008
Translation reserve	32.1	29.9
Hedging reserve	(8.6)	(7.8)
Total reserves	**23.5**	**22.1**

(a) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(b) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

19.3 Dividends

The Boards have not declared a dividend and no dividends have been paid within or post the completion of the financial period ended June 30, 2009.

20. Related parties

Parent and ultimate controlling party

The immediate parent of the combined Group is RGHL, the ultimate parent of the combined Group is PHL and the ultimate shareholder is Mr G.R. Hart.

Related party transactions

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

Entity name	Nature of relationship	Nature of transactions
SIG Combibloc Obeikan FZCO	Joint venture	Sale of goods, dividends
SIG Combibloc Obeikan Company Limited	Joint venture	Production
Rank Group Holdings Limited	Immediate parent	Financing (loan), interest
BPC Finance New Zealand Limited	Common ultimate shareholder	Transfer of income tax losses
Nerva Investments Limited	Common ultimate shareholder	Transfer of income tax losses

	Balance outstanding as at		Transaction values for the six months ended	
	June 30	December 31	June 30	December 31
In millions of EUR	2009	2008	2009	2008
Transactions with the ultimate parent				
Intercompany loans:				
RGHL	10.2	10.2	-	0.2
Accrued interest:				
RGHL	0.9	0.7	0.9	0.7
CFC tax liability:				
BPC Finance New Zealand Limited	7.2	-	7.2	-
Nerva Investments Limited	7.2	-	7.2	-
Transactions with joint ventures				
Sale of goods:				
Joint venture Obeikan	15.1	16.8	31.3	64.2
Dividends:				
Joint venture Obeikan	-	-	0.5	-
Transactions with other related parties				
Receivables:				
Rank Group Limited	0.2	0.2	-	0.2

All transactions and outstanding balances with related parties are conducted on an arm’s length basis and are settled in cash. All amounts are unsecured and are repayable on demand. No related party debts have been written off or forgiven during the period.

21. Disposal of business

On April 2, 2008 the combined Group disposed of the SIG Beverages segment.

This business was classified as a discontinued operation (see note 7).

The disposal had the following effect on the Group's assets and liabilities as at June 30, 2008:

As at In millions of EUR	June 30, 2008
Cash and cash equivalents	(4.5)
Trade and other receivables	(37.6)
Inventories	(36.3)
Deferred tax assets	(1.1)
Property, plant and equipment	(22.7)
Identifiable intangible assets (excluding goodwill)	(39.8)
Goodwill	(22.6)
Trade and other payables	47.8
Loans and borrowings	7.2
Deferred tax liabilities	8.8
Provisions	7.2
Impact of amounts recycled from translation of foreign operations	(1.5)
Net identifiable assets and liabilities disposed of	**(95.1)**
Gain on disposal	**24.3**
Consideration received, satisfied in cash	119.4
Cash disposed of	(4.5)
Net cash inflow	**114.9**

22. Contingencies

Litigation and legal proceedings

The combined Group is subject to litigation in the ordinary course of operations, for which a provision has been recognised in the combined Group's interim unaudited condensed combined financial statements as at June 30, 2009. The combined 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 affect on its business, financial position or results of operations.

As at In millions of EUR	June 30 2009	December 31 2008
Contingent liabilities	18.4	21.6
Contingent assets	-	-
Total contingencies	**18.4**	**21.6**

Security and guarantee arrangements

Certain members of the combined Group have entered into a guarantee and security arrangement in respect of the combined Group's indebtedness as described in note 17.

23. Filling machines

The combined Group sells some of its filling machines to third party finance companies, which then lease the machines to customers. Filling machines may be replaced or returned due to changes in customers' demands or technical progress. These machines are usually refurbished and resold. Returned machines are recognised as a component of inventories. The related financial risks are evaluated annually (net present value of future lease income) and, if necessary, provisions are recognised. As at June 30, 2009 no provisions were required. The potential obligation to buy back filling machines exposes the combined Group to a potential maximum amount of €53.3 million (December 2008: €79.1 million).

24. Subsequent events

There have been no events subsequent to June 30, 2009 which in the opinion of the Boards would have a material effect and require accrual or disclosure in the unaudited interim condensed combined financial statements.