Beverage Packaging Holdings Group

Unaudited quarterly report
for the nine month period ended September 30, 2009

Table of contents

Introduction	3
Certain definitions	4
Presentation of financial information	6
Cautionary statement regarding forward-looking statements	6
Risk factors	7
Summary financial information	16
Operating and financial review and prospects	18
Interim unaudited condensed combined financial statements	
Interim unaudited condensed combined statements of comprehensive income	F3
Interim unaudited condensed combined statements of financial position	F4
Interim unaudited condensed combined statements of changes in equity	F5
Interim unaudited condensed combined statements of cash flows	F6
Notes to the interim unaudited condensed combined financial statements	F9

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”), Reynolds Group Holdings Limited (formerly 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 quarterly report have been prepared in accordance with International Accounting Standards and other authoritative announcements 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 quarterly report relate to the financial statements for the combined Group as at December 31, 2008 and September 30, 2009 and for the three and nine months ended September 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 quarterly 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 the 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 September 30, 2009, BP I indirectly through BP III, held 100% of the shares of SIG Combibloc Group AG.

Certain definitions

In this quarterly report:

- "Alcoa" refers to Alcoa, Inc.
- "€" 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.
- "Closures" refers to the Closures Systems International business, which we acquired from affiliated entities on November 5, 2009 and which currently constitutes our Closures segment.
- "Dollars" or"$" refers to the lawful currency of the United States.
- "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 quarterly 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.
- "Reynolds Acquisition" refers to the series of acquisitions from Alcoa indirectly by Graeme Hart, our strategic owner, of those businesses that became, following the RGHL Acquisition, our Reynolds Consumer and Closures segments and the food and flexible packaging division of Alcoa, which were substantially consummated on February 29, 2008, and the associated borrowings that funded such acquisitions and the payment of related fees and expenses.
- "RGHL" refers to Reynolds Group Holdings Limited (formerly Rank Group Holdings Limited), the parent company of the Issuer.
- "Rank Group" refers to Rank Group Limited, which is a private company based in New Zealand and is wholly owned by Mr. G.R. Hart.
- "Reynolds Consumer" refers to the Reynolds Consumer Products business, which we acquired from affiliated entities on November 5, 2009 and which currently constitutes our Reynolds Consumer segment.
- "SEC" refers to the US Securities and Exchange Commission.
- "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.

Beverage Packaging Holdings Group

Certain definitions

- “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.
- “US GAAP” refers to generally accepted accounting principles in the United States.
- “interim unaudited condensed combined financial statements” refers to the interim unaudited condensed combined financial statements for the combined Group for the three and nine month periods ended September 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 quarterly report has been prepared in accordance with IFRS as issued by the IASB.

In this quarterly 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". 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 quarterly report.

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

Cautionary statement regarding forward-looking statements

This quarterly 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 raw materials and the limited number of suppliers we use for those materials;
- risks related to our substantial indebtedness and our ability to service our indebtedness;
- risks related to our aluminum hedging activities may result in significant losses and in period-to-period earnings volatility;
- risks related to our material weaknesses in our internal controls over financial reporting within our Reynolds Consumer and Closures segments;
- risks related to our suppliers for raw material and any interruption to our supply of raw material;
- risks related to downturns in our target markets;
- risks related to increases in interest rates which would increase the cost of servicing our debt;
- risks related to dependence on the protection of our intellectual property and the development of new products;
- risks related to exchange rate fluctuations;
- risks related to the consolidation of our customer base, competition and pricing pressure;
- risks related to the impact of a loss of one of our manufacturing facilities;
- risks related to our exposure to environmental liabilities and potential changes in legislation;
- risks related to our dependence on key management and other highly skilled personnel; and
- risks relating to other factors discussed in this quarterly report, including in the section entitled "Risk factors".

The risks described in the "Risk factors" section in this quarterly report are not exhaustive. Other sections of this quarterly 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 quarterly report.

Risk factors

You should carefully consider the following risk factors, in addition to the other information presented in this quarterly 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 materially and adversely impair our business, financial condition or results of operations.

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

Raw material costs historically have represented a significant portion of our cost of goods sold, so significant changes in raw material prices may impact our results of operations. The primary raw materials for our aseptic carton packaging, closures and consumer products are plastic resin (polypropylene and polyethylene, or PE), cartonboard and aluminum, while the primary raw material for the construction of filling and capping machines is stainless steel. Aluminum, plastic 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 September 2008, declined between November 2008 and February 2009 and have stabilized since March 2009. Consistent with the trend in commodity markets, aluminum prices increased significantly in 2007 and most of 2008, although since the end of 2008 they have shown a declining trend.

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 the 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 plastic resin and aluminum requirements through contracts tied to market prices or in the spot market. SIG's and many of Closures' contracts do not provide for price adjustment mechanisms that allow us to pass through changes in raw material prices to our customers. Although most of Reynolds Consumer's store branded products are sold under contracts with resin price adjustment mechanisms, its Reynolds branded products which represent the majority of its total aluminum foil products do not provide for any such mechanisms for resin or aluminum. Even where our contracts provide for price adjustments based on changes in raw material costs, such adjustment is not immediate and may not fully offset our increased costs. As a result, we often 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 margin from the price increases. In addition, we generally do not enter into hedging agreements for purchases of plastic resin, although hedging mechanisms are typically used in connection with our purchase of aluminum. 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. From 2004 and until the second half of 2008, our gross margins have been adversely impacted by increases in raw material costs, particularly plastic resin and, from 2007 until the second half of 2008, aluminum. 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.

Most of our raw material requirements, including cartonboard, aluminum foil for our aseptic carton packaging business and plastic resin, are sourced from a relatively small number of suppliers. As a consequence, we are highly dependent on these suppliers 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. In addition, we rely on one supplier, Stora Enso, for approximately 90% of the cartonboard requirement for our aseptic carton packaging business. If the supply of cartonboard or the manufacturing agreement with Stora Enso is terminated or interrupted and we are unable to obtain a replacement supplier or manufacturer within a reasonable amount of time, we may experience a significant interruption to our production of aseptic carton packaging sleeves, which may adversely affect 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 aseptic carton packaging and closure products in the principal end-use markets that we serve is primarily driven by consumer consumption of the products sold in the packages we produce. General economic conditions affect consumption in SIG's and Closures' primary end-use markets, including the beverage products, such as milk, other dairy products, juices, bottled water and carbonated and non-carbonated soft drinks markets, as well as the liquid food market. Our Reynolds consumer business depends on the condition of the retail industry and consumer demand for its products, such as aluminum foil, wraps, and bags which are also affected by general economic conditions. 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, including retailers. 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. For example in China during the latter part of 2008, 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. In Russia, the current economic downturn has significantly reduced the demand for liquid packaging in the juice division. In the United States, the recent economic downturn has also reduced demand for branded consumer products, with customers shifting towards purchases of lower priced store branded products.

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. In particular, Tetra Pak has a significantly higher market share than we do globally and in most of the geographic markets in which we compete and has substantially greater financial and other resources than we do. The global beverage caps and closures market is highly fragmented, with Closures being one of a relatively small number of key global participants. Our key global competitors in the beverage caps and closures market are Bericap, Global Closure Systems, Rexam and Tetra Pak, with most of our remaining competitors being either local or regional companies supplying primarily only one region of the world.

We believe that the aseptic carton packaging and the beverage caps and closures businesses are highly competitive, and product pricing is a key competitive factor. Besides product pricing, we also compete by offering customers volume rebates, marketing allowances and extended payment terms for purchases of our filling machines. As a result, unless we are able to control our operating costs, our gross margin may be adversely affected. In 2008, as a result of competitive pricing, one of Closures' major customers stopped purchasing beverage caps and closures from us in the United States, which adversely affected Closures' business and results of operations. It is possible that we will lose additional customers in the future, which would adversely affect our business and results of operations.

Although capital costs in the aseptic carton packaging and beverage caps and closures industries are 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 market or outside the packaging market, as well as from existing aseptic carton packaging and beverage caps and closures suppliers. We also face potential competition, particularly in emerging markets like Russia and East Asia, 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 aseptic carton packaging business also faces competition from packaging made from polyethylene terephthalate ("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 adversely our results of operations. Certain customers or potential customers of our caps and closures business, especially in emerging markets, might explore the option to self-manufacture caps and closures, which may adversely affect our financial condition and results of operations.

Our consumer products business is subject to intense competition in a marketplace dominated by large retailers. We compete with diverse manufacturers of consumer products including large and well established multi-national companies such as Clorox, Pactiv and SC Johnson, as well as regional and local companies. Our principal customers are groceries, mass-merchants, clubs, discount stores and drug stores. The rapid growth of these large retailers, together with changes in consumer purchasing patterns, have contributed to the formation of dominant multi-category retailers that have strong negotiating power with suppliers. Current trends among such retailers include fostering high levels of competition among suppliers, demanding innovative new products from suppliers and requiring suppliers to maintain or reduce product prices and deliver products with shorter lead times. Other trends include consumers shifting purchasing channels by moving away from groceries and towards clubs and mass-merchants and retailers importing products directly from foreign sources and sourcing and selling products under their own store brands, which compete with our Reynolds branded products.

The combination of these market influences has created an intensely competitive environment within the consumer products market in which our principal customers continuously evaluate which suppliers to use, resulting in downward pricing pressures and the need for large, consumer-meaningful brands, continuous introduction and commercialization of innovative new products, continuing improvements in customer service and the maintenance of strong relationships with large, high-volume purchasers. We also face intense competition from consumer product companies, as most of our products compete with other widely advertised brands within each product category and with store branded products. We also face the risk of changes in the strategy or structure of our major retailer customers, such as overall store and inventory reductions and retailer consolidation. The intense competition in the retail sector combined with the current economic environment may result in a number of retailers experiencing financial difficulty or failing in the future. As a result of these factors, we may experience reduced sales and profitability and a limited ability to recover our cost increases through price increases.

We are affected by seasonality in certain of our business

Demand for beverages and consequently the related packaging, caps and closures, may be affected by adverse weather conditions, especially during the summer months when prolonged periods of unseasonably cool or wet weather in a particular market may affect sales volumes and therefore our financial condition and the results of our operations. In addition, demand for our consumer products typically increases during the holiday season which leads to increased sales during the November and December holiday season.

If Reynolds Consumer does not continue to develop and maintain consumer-meaningful brands, our results of operation may suffer.

Reynolds Consumer's ability to compete successfully depends increasingly on its ability to develop and maintain consumer-meaningful brands in order to satisfy consumer demand. The development and maintenance of such brands requires significant investment in product innovation, brand-building, advertising and marketing initiatives. While Reynolds Consumer plans to increase its expenditures for advertising and other brand-building and marketing initiatives, the increased investment may not deliver the desired results. Reynolds Consumer focuses on developing innovative products to address consumers' unmet needs as well as introduce store branded products that emulate other popular branded consumer products. There are, nevertheless, numerous uncertainties inherent in successfully developing and commercializing new products, and new product launches may not deliver the expected growth in sales or operating income.

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

Closures and SIG have multi-year supply agreements with most of their customers, many of whom are multinational companies that purchase large quantities of aseptic carton packaging materials and caps and closures, while Reynolds Consumer generally sells its Reynolds branded products pursuant to informal trading policies and its store branded products under one or two year contracts. The significant leverage possessed by many of these customers and potential customers, in addition to the competitive environment in which we operate, results in significant downward pricing pressure, and generally constrains our ability to pass on price increases. Closures and SIG typically offer their major customers a variety of incentives to purchase their filling and capping machines or lease their filling machines. If our major customers reduce purchasing volumes or stop purchasing our products, our business and results of operations would likely be adversely affected. In 2008, one of Closures' major customers stopped purchasing beverage caps and closures from us, which adversely affected Closures' business and results of operations. It is possible that we will lose additional customers in the future, which may adversely affect our business and results of operations.

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. Among other things, 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 contamination or the imposition of other environmental liabilities in the future, including additional investigation or obligation with respect to any potential health hazards of certain of our 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 environmental issues, such as climate change, 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 regulation, which could negatively affect us. These 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 one of our manufacturing facilities could have an adverse effect on our financial condition or results of operations

While we manufacture most of our products in a large number of diversified facilities, and maintain insurance covering these facilities, a loss of the use of all or a portion of any of our key manufacturing facilities due to an accident, labor issues, weather conditions, natural disaster or otherwise, whether short or long-term, may have a material adverse effect on our financial condition or results of operations. After the recent consolidation of Reynolds Consumer's Richmond and Louisville manufacturing facilities, we can only perform the foil rolling phase of our foil manufacturing process in our Louisville plant and the melting and casting phase in our Hot Springs facility. Loss or disruption of either of these two facilities would significantly interrupt our production process and adversely affect our business and results of operation.

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, caps or closures and consumer products we produce or the products contained in or sealed with the packaging, caps or closures we produce could significantly reduce demand for our products.

Government regulations and judicial decisions that affect the packaging, caps, closures or consumer products we produce or the products contained or sealed in the packaging, caps or closures we produce could significantly reduce demand for our products. For example, German legislation has been passed that requires a deposit to be paid for certain disposable beverage packages. It is possible that in the future our products may become subject to such deposit requirements if the recycling of our products falls below acceptable thresholds. Future legislation could also limit the use of our products or impose certain taxes on the use of our products. Such legislation could significantly reduce demand for many of our products and adversely affect our sales.

Changes to health and food safety regulations could increase costs and may also have a material adverse effect on our sales if, as a result, the public's attitude towards our consumer products or the end products for which we provide packaging, caps or closures is substantially affected.

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

Consolidation among our customers in the food and beverage industry or in the retail industry could adversely affect our profitability. Over the last ten years, we have observed a trend toward consolidation among our customers in the food and beverage industry and in the retail industry, 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. Following a consolidation, our customers in the food and beverage industry may also close production facilities or switch suppliers of packaging, caps or closures which could impact sales of our filling and capping machines and other products, while our customers in the retail industry may close stores, reduce inventory or switch suppliers of consumer products. The loss of significant customers could have a material adverse effect on our business, financial condition and results of operations.

Supply of faulty or contaminated products could harm our reputation and business.

We have control measures and systems in place to ensure the maximum safety and quality of our products is maintained. The consequences of not being able to do so, due to accidental or malicious raw material contamination, or due to supply chain contamination caused by human error or faulty equipment, could be severe. Such consequences may include adverse effects on consumer health, reputation, loss of customers and market share, financial costs or loss of revenue. In addition, if any of our competitors or customers supply faulty or contaminated products to the market, or if manufacturers of the end-products that utilise our beverage packaging, caps and closures produce faulty or contaminated products, our industry, or our end-products' industries, could be negatively impacted, which could have adverse effects on our business. For example, in China during the later part of 2008, melamine contamination by milk producers 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, which had a negative impact on our sales of beverage packaging products in China.

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 dollar, the Swiss Franc, the Thai Baht, the Chinese Yuan Renminbi, the Brazilian Real, the Mexican Peso and the Russian Ruble. Where possible, we try to minimize the impact of exchange rate fluctuations by transacting in local currencies so as to create natural hedges. We cannot assure you that we will be successful in protecting against these risks. 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 as reported in the Euro. Given the volatility of exchange rates, we may not be able to manage our currency transaction risks effectively, and volatility in currency exchange rates may materially adversely affect our financial condition or results of operations.

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 United States 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 third parties, and there can be no assurance that others will not independently develop the know-how and trade secrets or develop better production methods than ours. 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 been 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. For example, we believe that the intellectual property of Tetra Pak, our main competitor in the aseptic packaging business, has been infringed by local manufacturers in China, who have reproduced and duplicated its carton rolls. A similar infringement to our intellectual property may adversely affect our results of operations and make it more difficult for us to establish a strong market position in markets such as China, which do not afford adequate protection of intellectual property. 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 that 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 infringement of intellectual property rights. No assurance can be given that we will not be currently 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 realize some or all of the cost savings and other adjustments we expect to achieve in the future as a result of our cost savings programs in the time frame we anticipate. For a more detailed description of these cost savings measures and other adjustments expected, see "Operating and Financial Review and Prospects." A variety of factors could cause us not to realize some of the expected cost savings, including among others, delays in the anticipated timing of activities related to our cost savings programs, lack of sustainability in cost savings over time and unexpected costs associated with operating our business. For the nine months ended September 30, 2009, we incurred €22.6 million at SIG, $5.3 million for Reynolds Consumer and $2.6 million for Closures to implement our cost savings programs. We anticipate incurring additional near-term costs 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. For example, we will not be fully insured against all risks such as pollution and environmental risks, which are generally 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 with certainty the cost of defense or outcome of these proceedings and their impact on our business, including remedies or damages awards. The outcome of these legal proceedings and other contingencies could require us to take or refrain from taking certain actions, which action or inaction could adversely affect our operations or could require us to pay substantial amounts of money or restrict our operations. If liabilities or fines resulting from these proceedings are substantial or exceed our expectations, our business, financial condition or results of operations may be adversely affected.

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

Our businesses are subject to frequent and sometimes significant changes in technology, and if we fail to anticipate or respond adequately such changes, 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 implementing 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 the U.S., Austria, Germany, Switzerland and Thailand. Many of our employees in Europe, Mexico and South America as well as some in Japan 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 labor 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 labor unions and employee works councils. The failure to maintain satisfactory relationships with our employees and their representatives, or prolonged labor disputes, slowdowns, strikes or similar actions 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 the RGHL Acquisition.

We may not be able to achieve the anticipated cost savings or purchasing benefits in connection with the RGHL Acquisition. Acquisitions inherently involve risks, including those associated with assimilating and integrating different business operations, corporate cultures, personnel, infrastructure and technologies or products and increasing the scope, geographic diversity and complexity of our operations. There may be additional costs or liabilities that are not currently anticipated, including unexpected loss of key employees or customers and hiring additional management and other critical personnel. The Reynolds Acquisition may also be disruptive to our ongoing business and may not be successfully received by our customers. Any of these risks could adversely affect our business, financial condition 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 the countries outside the United States in which we have manufacturing facilities or sell our products. Specifically, Thailand, China, Nepal, the Philippines and Colombia, where we have substantial manufacturing facilities, are countries that 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 labor 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.

SIG enters 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 its 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 RGHL Group to a potential maximum liability of €48.3 million as of September 30, 2009 and €79.1 million as of December 31, 2008. If we have to repurchase filling machines, we may have to utilize our revolving credit facility availability.

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

As part of our strategy, we may 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, or 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 and agreed in some instances to non-compete provisions, which have not yet expired and may give rise to claims against us or our controlled entities or limit our ability to engage in business in certain geographical areas.

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. For example, on April 2, 2008, we sold SIG's Beverages business. As part of these types of transactions, we are generally required to indemnify the purchasers of such businesses for various liabilities, and the resulting indemnification obligations may be significant. These types of transactions may also restrict our ability to engage in certain conduct or conduct 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.

We may face operations problems and additional costs in our attempt to transition away from the information technology services that are currently provided to Closures and Reynolds Consumer by Alcoa.

As part of the Reynolds Acquisition, we entered into a transition services agreement with Alcoa pursuant to which Alcoa agreed to provide Closures and Reynolds Consumer with certain information technology services, among other services. This agreement expires on December 31, 2009, and both Closures and Reynolds Consumer have completed the majority of steps to migrate these information technology services out of Alcoa. If Closures and Reynolds Consumer are unable to migrate all information technology services prior to the expiration of the transition services agreement, extension arrangements may need to be made with Alcoa, possibly at increased rate structures, for the time necessary to complete migration. If Closures and Reynolds Consumer are unable to perform these services internally, enter into an extension arrangement with Alcoa, or replace them prior to the expiration of the transition services agreement, we may experience operational problems which could increase our costs and adversely affect our business and results of 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 have been affected materially by continued adverse changes in the global capital and credit markets and the economy in general both in the United States and around the world. Economic conditions may also adversely affect the ability of our lenders, customers and suppliers to continue to conduct their respective businesses and may affect our ability to operate our production facilities in an economical manner. Many of our customers rely on access to credit to fund their operations. The inability of our customers to access credit facilities may adversely affect our business by reducing our sales, increasing our exposure to accounts receivable bad debts and reducing our profitability.

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. We are unable to predict the duration and severity of the current financial crisis and resulting economic slowdown; these adverse business conditions may continue throughout 2009 and beyond. 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.

SIG currently sells, and Reynolds Consumer and Closures may sell in the future, a significant portion of their trade receivables through factoring programs to finance our working capital needs. At September 30, 2009, 40% of SIG's trade receivables were subject to non-recourse factoring programs. The factoring programs are an important source of liquidity, even though they are not reflected on our balance sheet.

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 utilize factoring programs or may only be able to do so on less desirable terms if either we are unable to obtain or renew receivables insurance or our credit rating or the credit ratings of our customers or insurers are negatively impacted. An inability to utilize 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 U.S. and foreign 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.

The international scope of our operations and our corporate and financing structure may expose us to potentially adverse tax consequences.

We are subject to taxation in and to the tax laws and regulations of multiple jurisdictions as a result of the international scope of our operations and our corporate and financing structure. We are also subject to intercompany pricing laws, including those relating to the flow of funds among our companies pursuant to, for example, purchase agreements, licensing agreements or other arrangements. Adverse developments in these laws or regulations, or any change in position regarding the application, administration or interpretation of these laws or regulations in any applicable jurisdiction, could have a material adverse effect on our business, financial condition and results of operations. In addition, the tax authorities in any applicable jurisdiction, including the United States, may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, including the tax treatment or characterization of our indebtedness, including the notes, intercompany loans and guarantees. If any applicable tax authorities, including the U.S. tax authorities, were to successfully challenge the tax treatment or characterization of any of our transactions, it could result in the disallowance of deductions, the imposition of withholding taxes on internal deemed transfers or other consequences that could have a material adverse effect on our business, financial condition and results of operations.

Our aluminum hedging activities may result in significant losses and in period-to-period earnings volatility.

We regularly enter into hedging transactions to limit our exposure to raw materials price risks relating primarily to aluminum. If we do not effectively manage our hedging activities, we could incur significant losses. For example, in the past, our hedging strategies have proven to be ineffective and as a result, Reynolds Consumer incurred for the year ended December 31, 2008, $130.8 million unrealized loss on derivative financial instruments related to such hedging strategies for Reynolds Consumer. If, in the future, our hedging strategies prove to be ineffective or if we fail to effectively monitor and manage our hedging activities, we could incur significant losses which could adversely affect our financial position and results of operations.

Our accounting and other management systems resources may not be adequately prepared to meet financial reporting and other requirements following the RGHL Acquisition. Our failure to achieve and maintain effective controls could adversely affect our business, financial position and results of operations.

Prior to the Reynolds Acquisition, Reynolds Consumer's and Closures' financial results were included within the consolidated results of Alcoa and were reported in U.S. GAAP, while the financial statements of RGHL were reported in IFRS. After the Reynolds Acquisition, each of Reynolds Consumer's and Closures' financial results are reported under IFRS. Following the RGHL Acquisition, we will report consolidated results under IFRS, which will include the financial results of Reynolds Consumer and Closures. As a combined company, our auditors may apply a different level of materiality when performing an integrated audit of our financial statements and our assessment of the effectiveness of our internal controls, which may require us to improve our systems and controls.

In addition, we have never been directly subject to the reporting and other requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Upon the completion of the exchange offer that is contemplated as part of the issuance of the New Notes (defined below) and required by the terms of the registrations rights agreement applicable to the New Notes, we will become subject to the reporting requirements of the Exchange Act. These reporting and other obligations will place significant additional demand on our management and administrative and operational resources, including our accounting resources. In the future, we may not be able to timely prepare and deliver the financial statements required by the Exchange Act and the indenture governing the New Notes. Such failure would constitute an event of default under the notes and the New Credit Facilities (defined below) and could affect our business, financial position and results of operations.

We may be able to incur substantially more debt.

Despite our substantial indebtedness 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, the New 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 as defined in such restrictions. Our ability to incur indebtedness depends, in part, upon our satisfaction of certain financial covenants in the indentures governing our Notes, the New Notes and the terms of our New 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.

The New Credit Facilities, the Notes, the New 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. This will negatively impact our ability to fulfil our obligations on the Notes and you will not recover your investment in the Notes

Restrictive covenants in the notes and our other indebtedness could adversely affect our business by limiting our operating and strategic flexibility.

The indentures governing our Notes contain restrictive covenants that limit our ability to, among other things:

- incur or guarantee additional indebtedness or issue preferred stock or disqualified stock (including to refinance existing indebtedness);
- pay dividends or make distributions in respect of capital stock;
- purchase or redeem capital stock;
- make certain investments or certain other restricted payments;
- create or incur liens;
- sell assets;
- agree to limitations on the ability of certain of our subsidiaries to make distributions;
- enter into transactions with affiliates; and
- effect a consolidation or merger.

These restrictive covenants could have an adverse effect on our business by limiting our ability to take advantage of financing, mergers and acquisitions, joint ventures or other corporate opportunities. In addition, the New Credit Facilities contain, and our future indebtedness may contain, other and more restrictive covenants and also prohibit us from prepaying certain of our other indebtedness, including the Notes, prior to discharge of the New Credit Facilities or such future indebtedness. The New Credit Facilities require us to maintain leverage ratios and interest coverage ratios. Our future indebtedness may contain similar or other financial ratios set at levels determined by us and our future lenders. The ability to meet those financial ratios could e affected by a deterioration in our operating results, as well as by events beyond our control, including increases in raw material prices and unfavorable economic conditions, and we cannot assure you that those ratios will be met. It may be necessary to obtain waivers or amendments with respect to covenants under our indentures, the New Credit Facilities or our future indebtedness from time to time, but we cannot assure you that we will be able to obtain such waivers or amendments. A breach of any of these covenants, ratios or restrictions could result in an event of default under the indentures, the New Credit Facilities or our future indebtedness and any of our other indebtedness (including the Notes) or result in cross-defaults under certain of our indebtedness. Upon the occurrence of an event of default under our indentures, the New Credit Facilities or such other indebtedness, the lenders could terminate their commitment to lend and elect to declare all amounts outstanding under such indebtedness, together with accrued interest, to be immediately due and payable. If the lenders accelerate the payment of that indebtedness or foreclose on the assets securing that indebtedness (including the collateral), we cannot assure you that our assets would be sufficient to repay in full that indebtedness and our other indebtedness then outstanding, including the Notes.

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

Our ability to generate sufficient cash flow from operations to make scheduled payments on, or to refinance obligations under, our debt will depend on our financial and operating performance, which, in turn, will be subject to prevailing economic and competitive conditions and to financial and business-related factors, many of which may be beyond our control.

As of September 30, 2009 we have €1,396.0 million of outstanding indebtedness. On November 5, 2009, immediately following the RGHL Acquisition and the related transactions, we had €1,600.0 million and US$2,160.0 of outstanding indebtedness. Based on the average interest rate for September 2009 for our floating rate debt outstanding under our New Credit Facilities, considering the fixed interest rates of our Notes and the New Notes, and considering our factoring programs our annual debt service payment obligations are expected to be approximately US$152 million and €51 million. If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce working capital levels, reduce or delay capital expenditures, sell assets, seek to obtain additional equity capital or restructure all or a portion of our debt. In the future, our cash flow and capital resources may not be sufficient to allow us to make payments of principal and interest on our debt. In addition, any alternative measures we may take may not be successful or be on commercially reasonable terms and may not permit us to meet our scheduled debt service obligations, including the payment of interest or principal in respect of our Notes. We also cannot assure you that we will be able to refinance any of our indebtedness or obtain additional financing, particularly because of our high level of debt, prevailing market conditions and the debt incurrence restrictions imposed by the agreements governing our debt. In the absence of sufficient cash flow and capital resources, we could face substantial liquidity problems and may be required to dispose of material assets or operations to meet our debt service and other obligations. The indentures governing our Notes, the New notes and the agreements governing our New Credit Facilities restrict and our future indebtedness is likely to restrict, both our ability to dispose of assets and the use of proceeds from any such disposition. We cannot assure you that we will be able to consummate any asset sales, or if we do, 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. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to implement any of these alternative measures, would have a material adverse effect on our business, financial condition and results of operations.

Graeme Hart, our strategic owner, controls us through a number of holding companies, including Packaging Holdings, and may have conflicts of interest with the holders of our debt in the future.

Graeme Hart indirectly owns all of our common stock and the actions he is able to undertake as our sole ultimate shareholder may differ or adversely affect the interests of our debt holders. Because Mr. Hart ultimately controls our voting shares and that of all of our subsidiaries, he 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. Additionally, Mr. Hart is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete, directly or indirectly, with us. Mr. Hart may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. Finally, because none of our securities are listed on a securities exchange, we are not subject to certain of the corporate governance requirements of securities exchanges, including any requirement to have any independent directors.

An increase in interest rates would increase the cost of servicing our debt and could reduce our profitability.

A portion our outstanding debt, including under the New Credit Facilities and potentially our future indebtedness, bears interest at variable rates. At September 30, 2009 (net of hedging instruments) we had €191 million of variable rate debt outstanding. On November 5, 2009, immediately following the RGHL Acquisition and the related transactions, we had €250.0 million and US$1,035.0 million of variable rate external debt outstanding. As a result, an increase in interest rates, whether because of an increase in market interest rates or an increase in our cost of borrowing, would increase the cost of servicing this debt and could materially our 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 our substantial debt.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes.

Any defaults under the agreements governing our indebtedness that is not cured or waived (as applicable) by the required lenders thereunder, and the remedies sought by the holders of such indebtedness, could prevent us from making payments of principal, premium (if any) or interest on the Notes and could substantially decrease the market value of the Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium or interest on our indebtedness. In the event of any such default, the holders of such indebtedness could elect to declare all outstanding amounts thereunder to be due and payable, together with accrued and unpaid interest and this may also cause a cross default in our other indebtedness. If our operating performance declines, and we breach our covenants under the agreements governing such indebtedness, we may need to seek waivers from the lenders under the New Credit Facilities or our other indebtedness to avoid being in default. We may not be able to obtain a waiver from the required number of lenders. If this occurs, we would be in default under such indebtedness, the lenders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation.

We may be unable to raise funds necessary to finance the change of control repurchase offers required by the indentures governing the Notes.

If a specified change of control occurs in relation to us, the issuers would be required to make an offer to purchase all of the outstanding Notes at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase. The occurrence of a change of control under the Notes would require that the New Credit Facilities, and may require that any of our future indebtedness, be immediately repaid or that we make an offer to repurchase it (possibly at a premium or subject to penalties). The issuers may be dependent on RGHL and its subsidiaries for the funds necessary to cure the events of default caused by such change of control event. RGHL and its subsidiaries may not have sufficient financial resources to purchase all of the Notes that are tendered upon a change of control offer to redeem such Notes. The issuers' failure to purchase the Notes after a change of control in accordance with the terms of the indenture would result in a default under the New Credit Facilities, the indenture and the Notes and may result in a default under any future indebtedness.

The occurrence of a change of control may not be under our control and may occur at any time. For example, Packaging Finance Limited., the direct parent of RGHL, has pledged 100% of its shares in RGHL to certain lenders in connection with a financing agreement. Consequently, it is possible that such lenders may enforce the pledge against Packaging Finance Limited and foreclose on the RGHL shares for reasons outside of our control. Such foreclosure may result in a change of control under the terms of the indenture governing the Notes. In the event of a change of control, we cannot assure you that we will have sufficient assets to satisfy all of our obligations under the New Credit Facilities, the Notes, the New Notes, any future indebtedness and any other debt requiring repayment upon such event.

The terms of the New Credit Facilities will limit, and our future indebtedness may limit, our right to purchase or redeem certain indebtedness. In the event any purchase or redemption is prohibited, we may seek to obtain waivers from the required lenders under the New Credit Facilities or our future lenders to permit the required repurchase or redemption, but the required lenders do not have, and our future lenders are unlikely to have, any obligation to grant, and may refuse to grant, such a waiver.

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 New 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.

We have material weaknesses in our internal controls over financial reporting within our Reynolds Consumer business and Closures business. If we fail to remediate these material weaknesses, if we fail to achieve and maintain effective internal controls over financial reporting or if additional material weaknesses are detected, our business could be materially and adversely affected.

The businesses of Reynolds Consumer and Closures were carved-out from Alcoa. Under Alcoa's ownership, certain accounting and internal control functions were performed by Alcoa's corporate and shared services function which were not acquired under the Reynolds Acquisition.

During the financial statement audits for Reynolds Consumer and Closures for the period ended December 31, 2008, our auditors identified and reported to us in management letters dated October 14, 2009 for Reynolds Consumer and July 21, 2009 for Closures, four material weaknesses in our internal controls for Reynolds Consumer and two material weaknesses in our internal controls for Closures in addition to other significant deficiencies in each case.

The four material weaknesses for Reynolds Consumer related to inadequate account reconciliation processes, inappropriate accounting for aluminum derivatives contracts under IFRS, inadequate controls for our inventory costing and valuation and an aggregation of various control

weaknesses related to Reynolds Consumer's international operations. The two material weaknesses for Closures related to inappropriate accounting for certain contracts under the applicable derivatives accounting policy and the aggregation of various control weaknesses related to Closures' international operations.

The American Institute of Certified Public Accountants ("AICPA") defines a material weakness as a control deficiency, or a combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by our internal controls. Our Closures and Reynolds Consumer operations began a process of evaluating and improving our internal control over financial reporting including establishment of account reconciliation and management review control processes. In anticipation of future required compliance with the internal control reporting requirements mandated by Section 404 of the Sarbanes-Oxley Act of 2002 which will become mandatory after we register with the SEC, we will continue to evaluate and improve our internal controls and will begin a formal process of documenting and testing our internal control procedures. As stand-alone reporting entities, certain adjustments to our Closures and Reynolds Consumer internal control procedures are required. The process may be time-consuming and costly. If we fail to achieve and maintain an effective internal control environment, it could have a material adverse effect on our business and our ability to report complete and accurate financial information on a timely basis.

Beginning in the second half of 2009, we initiated a number of activities aimed at addressing these material weaknesses and enhancing the overall control environment within our Closures and Reynolds Consumer businesses.

Additional measures may be necessary to address the material weaknesses at Reynolds Consumer and Closures and the measures we have taken and expect to take to improve our internal controls may not be sufficient to address the issues identified, to ensure that our internal controls are effective or to ensure that such material weakness or other material weaknesses would not result in a material misstatement of our annual or interim financial statements. We expect to continue to undertake activities to improve our internal controls over financial reporting until we are able to conclude such controls are effective.

In addition, we may identify additional material weaknesses or significant deficiencies in the future. If we are unable to correct deficiencies in internal controls within our Closures and Reynolds Consumer operations in a timely manner or discover additional material weaknesses or significant deficiencies, our ability to record, process, summarize and report financial information accurately and within the time periods specified in the rules and forms of the SEC, and to prevent fraud, will be adversely affected, and our financial statements could prove unreliable. In addition, the discovery of further material weaknesses or significant deficiencies could require the restatement of prior period operating results. Any of the foregoing could negatively affect the market price and trading liquidity of the notes or the market price of common stock, result in a breach of the covenants under our debt agreements, cause investors to lose confidence in our reported financial information, subject us to regulatory investigations and penalties and generally materially and adversely impact our business, financial condition, results of operations or cash flows.

Beverage Packaging Holdings Group
Summary financial information

The following summary of financial information is for the three and nine month periods ended September 30, 2009 and 2008 and is extracted from the interim unaudited condensed combined financial statements for the nine month period ended September 30, 2009 contained elsewhere in this quarterly report.

Summary interim unaudited condensed combined statements of comprehensive income

As described in note 2.2 of the interim unaudited condensed combined financial statements contained elsewhere in this quarterly report the combined Group has elected to alter the presentation of information within the interim unaudited condensed statements of comprehensive income. Information for the nine month periods ended September 30, 2009 and 2008 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 three months ended September 30,		For the nine months ended September 30,	
In millions of EUR	2009	2008	2009	2008
Revenue	320.9	305.9	930.2	919.3
Cost of sales	(240.2)	(255.1)	(715.1)	(759.9)
Gross profit	**80.7**	**50.8**	**215.1**	**159.4**
Other income	5.9	4.1	24.7	26.2
Selling, marketing and distribution expenses	(12.1)	(12.2)	(37.6)	(38.1)
General and administration expenses	(42.9)	(28.8)	(110.6)	(92.6)
Other expenses	(0.8)	-	(5.6)	-
Share of profit of joint ventures, net of income tax (equity method)	1.3	1.0	3.9	2.1
Profit (loss) from operating activities	**32.1**	**14.9**	**89.9**	**57.0**
Financial income	1.1	3.4	2.7	6.1
Financial expenses	(29.9)	(35.1)	(91.2)	(106.0)
Net financial expenses	**(28.8)**	**(31.7)**	**(88.5)**	**(99.9)**
Profit (loss) before income tax	**3.3**	**(16.8)**	**1.4**	**(42.9)**
Income tax benefit (expense)	(10.2)	(2.2)	(26.6)	(11.7)
Profit (loss) from continuing operations	**(6.9)**	**(19.0)**	**(25.2)**	**(54.6)**
Profit (loss) from discontinued operations, net of income tax	-	-	-	28.4
Profit (loss) for the period	**(6.9)**	**(19.0)**	**(25.2)**	**(26.2)**

Profit and loss presented by nature:

	For the three months ended September 30,		For the nine months ended September 30,	
In millions of EUR	2009	2008	2009	2008
Revenue	320.9	305.9	930.2	919.3
Other income	5.9	4.1	24.7	26.2
Share of profit of joint ventures, net of income tax (equity method)	1.3	1.0	3.9	2.1
Own work capitalised	2.8	6.4	26.3	30.1
Changes in inventories of finished goods & work in progress	1.8	12.7	6.8	24.9
Raw materials, supplies and services	(134.1)	(159.5)	(405.2)	(480.3)
Personnel expenses	(63.6)	(55.6)	(184.0)	(169.5)
Other operating expenses	(58.9)	(56.7)	(176.2)	(168.6)
Impairment charge on investment properties	-	-	(3.2)	-
EBITDA	**76.1**	**58.3**	**223.3**	**184.2**
Depreciation of property, plant & equipment	(22.3)	(22.2)	(67.3)	(62.8)
Amortisation of intangible assets	(21.7)	(21.2)	(66.1)	(64.4)
Profit (loss) from operating activities (EBIT)	**32.1**	**14.9**	**89.9**	**57.0**

Beverage Packaging Holdings Group
Summary financial information

Summary interim unaudited condensed combined statements of financial position

In millions of EUR	As at September 30, 2009	As at December 31, 2008
Cash and cash equivalents	225.1	133.1
Intangible assets	1,080.4	1,142.7
Property, plant and equipment	438.9	475.3
Other assets	459.1	473.0
Total assets	**2,203.5**	**2,224.1**
Interest bearing borrowings	1,355.3	1,393.0
Other liabilities	505.2	458.5
Total liabilities	**1,860.5**	**1,851.5**
Net assets	**343.0**	**372.6**
Total equity	**343.0**	**372.6**

Summary interim unaudited condensed combined statements of cash flows

In millions of EUR	For the nine months ended September 30, 2009	2008
Cash flows from (used in) operating activities	171.9	128.9
Cash flows from (used in) investing activities	(35.3)	61.5
Cash flows from (used in) financing activities	(42.9)	(128.9)
Net increase in cash and cash equivalents	**93.4**	**61.5**

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 nine months ended September 30, 2009 included elsewhere in this quarterly 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 nine month periods ended September 30, 2009 and 2008 contained elsewhere in this quarterly report.

Discontinued operations

During December of 2007, we elected to make available for sale the SIG Beverages business. 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. For the year ended December 31, 2008 the profit from discontinued operations net of income tax was €29.9 million (which included a €25.6 million gain (net of income tax) on the sale of SIG Beverages) while the profit for the period was €4.3 million.

Accounting principles

The financial information contained within this quarterly report has been prepared in accordance with IFRS using uniform accounting policies for all companies of the combined Group.

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 a given 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 quarterly report.

Segment reporting

The combined Group elected to early adopt IFRS 8 "Operating Segments" for the reporting period beginning January 1, 2008.

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 over the past four years in order to reduce our operating costs. In addition, we currently have a program underway focused on raw material cost improvements and restructuring 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;
- Divestiture 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 €22.6 million for the nine months ended September 30, 2009. These restructuring costs consist of €7.8 million of consultancy costs and €14.8 million of employee termination costs. For the nine months ended September 30, 2008 restructuring costs consisting of €3.8 million of employee termination costs were incurred. We anticipate incurring approximately an additional €4.0 million in the last quarter of 2009 to achieve our anticipated cost savings. For the year ended December 31, 2008, restructuring costs decreased EBITDA by €9.6 million, consisting €7.5 million of employee termination costs and €2.1 million of consultancy costs.

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 accounted for 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 September 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 2009. Prices in Asia, excluding China, have been stable. For selected customer accounts in China, downward price adjustments during 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 SIG 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 September 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 €65.0 million as at September 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 addition, in connection with the acquisition of SIG by BP I, the combined Group recognised goodwill that had a carrying value of €635.3 million as at September 30, 2009. 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 nine months ended September 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 a net profit of €28.4 million for the nine months ended September 30, 2008 including a net gain of €24.3 million on the sale of SIG Beverages).

Significant acquisitions and refinancing

On November 5, 2009 (the "Closing Date"), RGHL acquired from affiliated entities that are also beneficially owned by Graeme Hart, our strategic owner, (i) the Reynolds Consumer business for a total consideration of approximately US$1,785 million (A) less the amount of debt of the Reynolds Consumer business as of the Closing Date and (B) adjusted for (a) the amount of net cash of the Reynolds Consumer business as of the Closing Date above or below a US$17 million target threshold and (b) the amount of net working capital of the Reynolds Consumer business as of the Closing Date that is more than US$10 million above or below a US$133.7 million target threshold subject to a US$10 million deductible and (ii) the Closures businesses for a total consideration of US$1,223 million (A) less the amount of debt of the Closures Systems International business as of the Closing Date (B) adjusted for (a) the amount of net cash of the Closures Group as of the Closing Date above or below a US$43 million target threshold and (b) the amount of net working capital of the Closures Group as of the Closing Date that is more than US$10 million above or below a US$102.6 million target threshold subject to a US$10 million deductible (together, the "RGHL Acquisition"). In connection with the RGHL Acquisition, we repaid, among others, all of the indebtedness outstanding under the Senior Credit Facilities and the combined Group issued/entered into the following new debt instruments:

(i) issuance of US$1,125 million principal amount of 7.75% senior secured notes due 2016 (the "Dollar Notes"),
(ii) issuance of €450 million principal amount of 7.75% senior secured notes due 2016 (the "Euro Notes" and together with the Dollar Notes, the "New Notes"),
(iii) entering into US$1,035 million principal amount of term borrowings due 2015 under a new senior secured credit facilities (the "New Credit Facility"),
(iv) entering into €250 million principal amount of senior secured term borrowings due 2015 under the New Credit Facilities;
(v) entering into US$120 million principal amount of senior secured revolving credit facility due 2014 under the New Credit Facilities; and
(vi) entering into €80 million principal amount of senior secured revolving credit facility due 2014 under the New Credit Facilities.

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.

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. Typically, 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 its estimate.

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.

As of September 30, 2009 we had €1,574.4 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 nine months ended September 30, 2009, we have recognised €3.2 million of impairment charges on an investment property in the UK.

Accounting for business combinations

Acquisitions of businesses from third parties

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

Goodwill and acquired indefinite life intangible assets are not 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. Total purchase consideration for these shares was €1.7 billion. The final result of the purchase price allocation was reflected in our financial statements as at September 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 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.

Acquisitions of businesses from entities under common control

We account for business combinations where the business is acquired from an entity that is under the common control of the ultimate shareholder using the carry-over or book value method. Under the carry-over or book value method, the business combination does not change the carrying values of the net assets in the business acquired. The excess of the purchase price over the consolidated carrying value of the net assets acquired is recognised directly in equity. No additional goodwill arises.

We account for business combinations under common control prospectively from the date that control of the businesses was originally obtained.

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 post-employment benefit costs recognised. While management believes that its assumptions of future returns are reasonable and appropriate, significant differences in actual experience or inaccuracies in assumptions may materially affect its benefit plan obligations and the future benefit plan 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 and foreign exchange rate gains.

- **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, including foreign exchange rate losses and impairment charges on investment properties.

- **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.

- **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 nine months ended September 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 nine months ended September 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 for the nine month period ended September 30, 2009 included elsewhere in this quarterly report, 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 nine months ended September 30, 2009 and 2008 is presented by function and comparative information, which was previously presented by nature within this statement, has been reclassified.

Beverage Packaging Holdings Group

Operating and financial review and prospects

Profit and loss by cost function

In millions of EUR	For the three months ended September 30, 2009		2008		For the nine months ended September 30, 2009		2008	
Revenue	320.9	100%	305.9	100%	930.2	100%	919.3	(100%)
Cost of sales	(240.2)	(75%)	(255.1)	(83%)	(715.1)	(77%)	(759.9)	(83%)
Gross profit	**80.7**	**25%**	**50.8**	**17%**	**215.1**	**23%**	**159.4**	**17%**
Other income	5.9	2%	4.1	1%	24.7	3%	26.2	3%
Selling, marketing and distribution expenses	(12.1)	(4%)	(12.2)	(4%)	(37.6)	(4%)	(38.1)	(4%)
General and administration expenses	(42.9)	(13%)	(28.8)	(9%)	(110.6)	(12%)	(92.6)	(10%)
Other expenses	(0.8)	-	-	-	(5.6)	-	-	-
Share of profit of associates and joint ventures, net of income tax (equity method)	1.3	-	1.0	-	3.9	-	2.1	-
Profit (loss) from operating activities	**32.1**	**10%**	**14.9**	**5%**	**89.9**	**10%**	**57.0**	**6%**
Net financial expenses	(28.8)	(9%)	(31.7)	(10%)	(88.5)	(10%)	(99.9)	(11%)
Profit (loss) before income tax	**3.3**	**1%**	**(16.8)**	**(5%)**	**1.4**	**-**	**(42.9)**	**(5%)**
Income tax benefit (expense)	(10.2)	(3%)	(2.2)	(1%)	(26.6)	(3%)	(11.7)	(1%)
Profit (loss) from continuing operations	**(6.9)**	**(2%)**	**(19.0)**	**(6%)**	**(25.2)**	**(3%)**	**(54.6)**	**(6%)**
Profit (loss) from continuing operations	**(6.9)**	**(2%)**	**(19.0)**	**(6%)**	**(25.2)**	**(3%)**	**(54.6)**	**(6%)**
Income tax (benefit) expense	10.2	3%	2.2	2%	26.6	3%	11.7	1%
Net financial expenses	28.8	9%	31.7	10%	88.5	10%	99.9	11%
Depreciation of property, plant and equipment	22.3	7%	22.2	7%	67.3	7%	62.8	7%
Amortisation of intangible assets	21.7	7%	21.2	6%	66.1	7%	64.4	7%
EBITDA	**76.1**	**24%**	**58.3**	**19%**	**223.3**	**24%**	**184.2**	**20%**
Impairment charge on investment properties	-	-	-	-	3.2	-	-	-
Restructuring and business realignment costs [a]	13.1	4%	0.6	-	22.6	2%	3.8	1%
Unrealised (gain) / loss on derivatives [b]	(1.2)	-	4.6	1%	(3.4)	-	2.9	-
Customs duties on historical imports[c]	2.3	-	-	-	2.3	-	-	-
Equity accounted results not distributed in cash[d]	(1.0)	-	(1.0)	-	(3.1)	-	(2.1)	-
Historical Adjusted EBITDA	**89.3**	**28%**	**62.5**	**20%**	**244.9**	**26%**	**188.8**	**21%**

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

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

(b) Reflects unrealised (gains) and losses arising from the mark-to-market movements on foreign currency derivatives used for hedging purposes that do not qualify for hedge accounting under IAS 39.

(c) Reflects customs duties for wrong tariff classifications of imported aluminum in Thailand with respect to historical deliveries from 2000 onwards.

(d) Reflects the profit attributable to joint ventures (equity accounted) net of cash distributions received from joint ventures. Cash distributions for the three and nine months ended September 30, 2009 were €0.3 million compared to nil during the comparable period in 2008 and €0.8 million compared to nil during the comparable period in 2008, respectively.

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

Revenue: Revenue increased by €15.0 million or 4.9% to €320.9 million for the three months ended September 30, 2009 compared to €305.9 million for the three months ended September 30, 2008 as a result of higher sleeve sales of €18.0 million partially offset by lower filling machine sales of €3.0 million.

Sleeve sales: Revenue from sleeve sales increased by €18.0 million or 6.4% to €299.3 million for the three months ended September 30, 2009 compared to €281.3 million for the three months ended September 30, 2008.

Europe: Revenue from sleeve sales in Europe decreased by €4.6 million or 2.3% to €196.7 million for the three months ended September 30, 2009 compared to €201.3 million for the three months ended September 30, 2008. This decrease primarily related to declines in revenue in Russia and Poland where we experienced a reduction in sleeve sales of approximately €3.9 million or 26.5% and €2.6 million or 13.8%, respectively, when compared to the corresponding prior year period. The reductions in sleeve sales in Russia and Poland related primarily to the juice segment and were the result of the decline in consumer purchases due to the current global financial environment. All other markets, except for Germany which declined by €0.8 million or 1.3%, grew by €2.7 million or 2.5%. .

Non-Europe: Revenue from sleeve sales in the non-European markets increased by €22.6 million or 28.3% to €102.6 million for the three months ended September 30, 2009 compared to €80.0 million for the three months ended September 30, 2008. Of this growth, €4.2 million or 5.3% was attributed to the benefit of favourable exchange rate movements for sales which were denominated in currencies other than the Euro. Sleeve sales in all non-European markets on an exchange rate adjusted basis increased collectively by €18.4 million or 23.0% when compared to the prior year period. Approximately €9.4 million or 38.2% of this growth was in the Chinese market, which has recovered from the effects from the melamine contamination of milk products issue which significantly impacted last year's sleeve sales in the milk segment.

Filling machine sales: Filling machine sales decreased by €3.0 million or 12.2% to €21.6 million for the three months ended September 30, 2009 compared to €24.6 million for the three months ended September 30, 2008. This decrease related to the timing of the placement of filling machines and by the customers' choice of the three existing sales models. During the three month period ended September 30, 2009 twelve filling machine units were placed compared to sixteen filling machines in the three months ended September 30, 2008.

Gross profit: Gross profit increased by €29.9 million or 58.9% to €80.7 million from €50.8 million and the gross profit margin increased from 16.6% to 25.1% of revenue for the three months ended September 30, 2009 compared to the three months ended September 30, 2008. This was primarily due to a decrease in the cost of sales resulting from reductions in raw material prices for PE and aluminium, cost savings such as a reduction of outbound freight costs combined with higher margins due to higher sleeves sales.

Other income and expenses: Other income, selling, marketing and distribution expenses, general and administration expenses and other expenses decreased by €13.0 million or 35.2% to €49.9 million for the three months ended September 30, 2009 compared to €36.9 million for the three months ended September 30, 2008. This increase was mainly attributable to higher restructuring costs of €12.5 million and customs duties for wrong tariff classification of imported aluminium in Thailand with respect to historical deliveries of €2.3 million partially offset by lower overhead costs and other cost savings.

EBITDA: EBITDA increased by €17.8 million or 30.5% to €76.1 million for the three months ended September 30, 2009 compared to €58.3 million for the three months ended September 30, 2008 as a result of the factors discussed above.

Depreciation of property, plant and equipment: Depreciation of property, plant and equipment remained relatively stable at €22.3 million for the three months ended September 30, 2009 compared to €22.2 million for the three months ended September 30, 2008.

Amortisation of intangible assets: Amortisation of intangible assets remained relatively stable at €21.7 million for the three months ended September 30, 2009 compared to €21.2 million for the three months ended September 30, 2008.

Profit (loss) from operating activities: Profit from operating activities increased by €17.2 million or 115.4% to €32.1 million for the three months ended September 30, 2009 compared to €14.9 million for the three months ended September 30, 2008 as a result of the factors discussed above.

Net financial expenses: Net financial expenses decreased by €2.9 million or 9.1% to €28.8 million for the three months ended September 30, 2009 compared to €31.7 million for the three months ended September 30, 2008 partly as a result of €4.0 million of lower net interest expenses due to a lower level of net financial debt and lower EURIBOR floating interest rates and €0.1 million of lower amortisation of debt fee costs partially offset by €1.2 million of unfavourable exchange rate differences relating to short-term intercompany financing facilities.

Income tax expenses: Income tax expenses increased by €8.0 million to €10.2 million for the three months ended September 30, 2009 compared to an income tax expense of €2.2 million for the three months ended September 30, 2008. €5.1 million of the increase is a result of the New Zealand Controlled Foreign Companies ("CFC") taxation rules. The remaining increase in income tax is a result of increased taxable profit and certain subsidiaries which no longer benefit from tax holidays.

Nine months ended September 30, 2009 compared to the nine months ended September 30, 2008

Revenue: Revenue increased by €10.9 million or 1.2% to €930.2 million for the nine months ended September 30, 2009 compared to €919.3 million for the nine months ended September 30, 2008 predominately as a result of higher sleeve sales of €16.9 million which was partially offset by lower filling machine sales of €6.0 million.

Sleeve sales: Revenue from sleeve sales increased by €16.9 million or 2.0% to €858.6 million for the nine months ended September 30, 2009 compared to €841.7 million for the nine months ended September 30, 2008.

Europe: Revenue from sleeve sales in Europe decreased by €29.0 million or 4.7% to €583.5 million for the nine months ended September 30, 2009 compared to €612.5 million for the nine months ended September 30, 2008. This decline primarily related to the juice segments in Russia and Poland where we experienced lower sleeve sales of €16.3 million or 33.1% and €6.0 million or 10.6%, respectively, when compared to the corresponding prior year period reflecting declines in consumer purchases in the current global financial environment. Germany, as a result of the substitution of cartonboard by PET, and Central Europe, as a result of the current market conditions, also slowed down resulting in total lower sleeve sales of €6.7 million or 2.6% and €1.5 million or 1.9% respectively when compared to the corresponding prior year period. These declines in sleeve sales were partially offset by an increase of €1.5 million or 0.9% in the South European markets.

Non-Europe: Revenue from sleeve sales in the non-European markets increased by €45.9 million or 20.0% to €275.1 million for the nine months ended September 30, 2009 compared to €229.2 million for the nine months ended September 30, 2008. €18.8 million or 8.2% was attributed to favourable exchange rate movements for sales which were denominated in currencies other than the Euro and €27.1 million or 11.8% was attributed to increased volume in all non-European regions. Sleeve sales in China, on an exchange rate adjusted basis, increased by €8.3 million or 11.4% to €81.2 million for the nine months ended September 30, 2009 compared to €72.9 million for the nine months ended September 30, 2008 reflecting the recovery from the melamine contamination of milk products, which occurred in August 2008 and which significantly impacted consumer confidence in milk products last year. Sleeve sales of the other non-European markets on an exchange rate adjusted basis increased by €18.8 million or 12.0% mainly in North America where sales increased by €6.2 million or 20.6%, compared to the prior year period, which experienced an unusually weak first quarter caused by an election to reduce inventory on hand by a number of our customers and in South America where sales increased by €6.2 million or 40.5% compared to the prior year period benefiting from a higher level of filling machines in the field.

Filling machine sales: Filling machine sales decreased by €6.0 million or 7.7% to €71.6 million for the nine months ended September 30, 2009 compared to €77.6 million for the nine months ended September 30, 2008 due to the timing of the placement of filling machines and by the customers' choice of the three existing sales models. During the nine months ended September 30, 2009, 46 filling machines were placed compared to 49 filling machines in the corresponding prior year period.

Gross profit: Gross profit increased by €55.7 million or 34.9% to €215.1 million from €159.4 million and the gross profit margin increased from 17.3% to 23.1% of revenue for the nine months ended September 30, 2009 compared to the nine months ended September 30, 2008. This increase was due to a decrease in the cost of sales resulting from reductions in raw material prices for PE and aluminium, cost savings such as a reduction in outbound costs and in waste rate and favourable foreign currency movements.

Other income and expenses: Other income, selling, marketing and distribution expenses, general and administration expenses and other expenses increased by €24.6 million or 23.5% to €129.1 million for the nine months ended September 30, 2009 compared to €104.5 million for the nine months ended September 30, 2008. This increase was mainly attributable to €18.8 million of higher restructuring costs, €3.2 million of impairment charges on an investment property in the UK and customs duties for wrong tariff classification of imported aluminium in Thailand with respect to historical deliveries of €2.3 million which were partially offset by a gain of €2.4 million from the sale of closure tools to our Obeikan joint venture and general overhead cost savings.

EBITDA: EBITDA increased by €39.1 million or 21.2% to €223.3 million for the nine months ended September 30, 2009 compared to €184.2 million for the nine months ended September 30, 2008 as a result of the factors discussed above.

Depreciation of property, plant and equipment: Depreciation of property, plant and equipment increased by €4.5 million or 7.2% to €67.3 million for the nine months ended September 30, 2009 compared to €62.8 million for the nine months ended September 30, 2008 primarily as a result of the plant extensions in China that were completed in the later part of 2008.

Amortisation of intangible assets: Amortisation of intangible assets increased by €1.7 million or 2.6% to €66.1 million for the nine months ended September 30, 2009 compared to €64.4 million for the nine months ended September 30, 2008.

Profit (loss) from operating activities: Profit from operating activities increased by €32.9 million or 57.7% to €89.9 million for the nine months ended September 30, 2009 compared to €57.0 million for the nine months ended September 30, 2008 as a result of the factors discussed above.

Net financial expenses: Net financial expenses decreased by €11.4 million or 11.4% to €88.5 million for the nine months ended September 30, 2009 compared to €99.9 million for the nine months ended September 30, 2008 mainly as a result of €11.8 million of lower net interest expenses due to a lower level of net financial debt and lower EURIBOR floating interest rates and €3.6 million of lower amortisation of debt fee costs, partially offset by €4.0 million of unfavourable exchange rate differences relating to short-term intercompany financing facilities.

Income tax expenses: Income tax expense increased by €14.9 million or 127.4% to €26.6 million for the nine months ended September 30, 2009 compared to €11.7 million for the nine months ended September 30, 2008. €10.4 million of the increase was a result of the New Zealand Controlled Foreign Companies ("CFC") taxation rules. As BP I is dual resident in Luxembourg and New Zealand for tax purposes, BP I is taxed on its attributable CFC income in New Zealand. During the period a net tax expense of €13.3 million was 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 resulted in related party payables of €16.6 million. This expense was partially offset by the recognition of an additional deferred tax asset / income tax benefit of €2.9 million resulting from a revision to the forecasted 2009 CFC income and therefore expected utilisation of the 2008 CFC losses. The remaining increase in the income tax expense of €4.5 million resulted from certain subsidiaries of the Group, which no longer benefited from tax holidays.

Liquidity and capital resources

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

	For the nine months ended September 30,	
In millions of EUR	**2009**	**2008**
Cash flows from (used in) operating activities	171.9	128.9
Cash flows from (used in) investing activities	(35.3)	61.5
Cash flows from (used in) financing activities	(42.9)	(128.9)

Cash flows from (used in) operating activities

Operating activities for the nine months ended September 30, 2009 generated a net cash inflow of €171.9 million compared to €128.9 million for the nine months ended September 30, 2008. The increase of €43.0 million in net cash inflow was mainly attributable to an increase of €39.1 million in EBITDA, a decrease of €12.7 million in interest payments and a decrease of €16.1 million in net working capital, partially offset by a decrease of €12.4 million in non-cash changes in provisions, an increase in income tax paid of €5.5 million and a decrease of €6.3 million in cash relevant changes in the fair value of derivatives.

Cash flows from (used in) investing activities

Investing activities for the nine months ended September 30, 2009 resulted in a net cash outflow of €35.3 million compared to an inflow of €61.5 million for the nine months ended September 30, 2008. The decrease of €96.8 million in net cash inflow was attributable to €114.9 million of net proceeds from the sale of SIG Beverages in April 2008, a decrease of €3.4 million in net proceeds from the sale of property, plant and equipment and a decrease in interest received of €2.6 million, partially offset by a decrease of €28.1 million in capital expenditure for property, plant and equipment and filling machines of which €14.6 million related to the plant expansions in China that were completed in the fourth quarter of 2008.

Cash flows from (used in) financing activities

Financing activities for the nine months ended September 30, 2009 resulted in a net cash outflow of €42.9 million compared to €128.9 million for the nine months ended September 30, 2008. The decrease of €86.0 million in net cash outflow was mainly attributable to the 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 nine months ended September 30, 2009. In addition €25.6 million of other borrowings were repaid in the nine months ended to September 30, 2009 compared to €22.0 million in the nine months ended September 30, 2008. On November 5, 2009, we repaid all of the indebtedness outstanding under the Senior Credit Facilities and incurred new indebtedness. See "Key Factors influencing our financial condition and results from operations – Significant acquisitions."

Capital expenditure

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

	For the nine months ended September 30,	
In millions of EUR	**2009**	**2008**
Property, plant and equipment (excluding filling machines)	13.6	29.8
Filling machines	32.5	44.4
Total capital expenditures for continuing operations	**46.1**	**74.2**
Discontinued Operations	-	-
Total capital expenditure	**46.1**	**74.2**

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 €14.6 million of the €29.8 million in capital expenditure for the nine months ended September 30, 2008 was attributable to the plant expansions in China which were 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. In addition, the Notes were used to prepay €130.0 million of the Senior Credit Facilities. Our subsequent operations, except for the RGHL Acquisition, principally have been funded by existing cash resources, cash flows from operations, trade receivable factoring programs and local bank facilities.

The RGHL Acquisition and related transactions in November 2009 were funded by a combination of (i) the New Credit Facility, (ii) the issuance of the New Notes, (iii) equity contributions from certain of our affiliates and (iv) available cash.

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

- meet our debt service requirements under the New Credit Facilities, the New Notes, 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 September 30, 2009, we had approximately €1.4 billion of debt. On November 5, 2009, the combined Group incurred additional debt in the amount of €450.0 million and US$2,280.0 million in relation to the RGHL Acquisition and to repay in full the existing indebtedness under the Senior Credit Facilities. See "Key factors impacting our financial condition and results from operations – Significant acquisitions" and note 24 of the interim unaudited condensed combined financial statements for the nine month period ended September 30, 2009 contained elsewhere in this quarterly report. 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 New Credit Facilities, indentures relating to the New Notes and 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 September 30, 2009, had €9.9 million available under the Thailand local bank facility, €35.1 million available under the China local bank facility and €65.0 million available for drawing under the revolving credit facility. At September 30, 2009, €20.0 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 €6.8 million. This amount was fully repaid on November 5, 2009 in connection with the repayment of the Senior Credit Facility.

In addition, on November 5, 2009, we entered into the New Credit Facility, which provides for a revolving credit facility in the amounts of US$120 million and €80 million available for drawing. On November 5, 2009, we issued US$18.6 million in letters of credit and €20 million of bank guarantees, which reduced our revolver availability to US$101.4million and €60 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 New Credit Facilities, the New Notes, 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 September 30, 2009:

	Payments due by period as at September 30, 2009			
In millions of EUR	Total	Less than one year	One to five years	Over five years
Contractual obligations				
Total debt[(a)]	2,075.2	97.0	459.4	1,518.8
Operating leases	14.3	4.1	7.8	2.4
Unconditional capital expenditure obligations	4.9	4.9	-	-
Total contractual cash obligations	**2,094.4**	**106.0**	**467.2**	**1,521.2**

[(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 September 2009 1 month EURIBOR plus margins was applicable with respect to the floating rate debt and the September 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 September 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. The table above does not reflect the new indebtedness entered into on November 5, 2009 in connection with the RGHL Acquisition. See "Key factors affecting our financial condition and results from operations – Significant acquisitions."

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 €48.3 million as at September 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 September 30, 2009 was €1,396.0 million before unamortised debt issue costs. Of this gross total debt, €900.0 million has been borrowed at fixed interest rates. Our fixed interest debt is primarily comprised of:

- €480 million 8% Senior Notes due 2016, and
- €420 million 9.5% Senior Subordinated Notes due 2017.

At September 30, 2009, our floating interest debt primarily comprised our Senior Credit Facilities due 2015 and 2016. As of September 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 which was outstanding under our Senior Credit Facilities through July 12, 2010, effectively fixing EURIBOR at 4.7%. As a consequence of entering into these agreements, as of September 30, 2009 approximately 14% of our gross debt facilities was subject to fluctuations in interest rates.
In addition to the facilities above, our debt comprises a number of smaller working capital facilities extended to certain operating companies in the combined Group. There were €0.2 million outstanding under such facilities as at September 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.

As described elsewhere in this quarterly report, on November 5, 2009 we entered into the New Credit Agreement and issued the New Notes. Of this new debt, the fixed interest debt is primarily consisted of:

- the US$1,125 million Dollar Notes; and
- the €450 million Euro Notes.

The New Credit Facilities, including the senior secured revolving credit facilities due in 2014 and the senior secured term borrowings due 2015, are floating interest debt.

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. As a result of the RGHL Acquisition, we will also be exposed to risks related to movements in currencies such as the Brazilian real, the Mexican Peso and the Russian Ruble.

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

	September 30, 2009			
(€ millions)	Foreign currency forward purchases	Foreign currency forward sales	Interest rate swap	Total contract values
Notional exposures	26.7	-	305.0	331.7

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 September 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 nine month period ended September 30, 2009

Beverage Packaging Holdings Group

Contents

	Page
Interim unaudited condensed combined statements of comprehensive income	F3
Interim unaudited condensed combined statements of financial position	F4
Interim unaudited condensed combined statements of changes in equity	F5
Interim unaudited condensed combined statements of cash flows	F6
Notes to the interim unaudited condensed combined financial statements	F9

Beverage Packaging Holdings Group

Interim unaudited condensed combined statements of comprehensive income
For the period ended

In millions of EUR	Note	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Revenue	8	320.9	305.9	930.2	919.3
Cost of sales		(240.2)	(255.1)	(715.1)	(759.9)
Gross profit		**80.7**	**50.8**	**215.1**	**159.4**
Other income	9	5.9	4.1	24.7	26.2
Selling, marketing and distribution expenses		(12.1)	(12.2)	(37.6)	(38.1)
General and administration expenses		(42.9)	(28.8)	(110.6)	(92.6)
Other expenses	10	(0.8)	-	(5.6)	-
Share of profit of joint ventures, net of income tax (equity method)		1.3	1.0	3.9	2.1
Profit (loss) from operating activities		**32.1**	**14.9**	**89.9**	**57.0**
Financial income	12	1.1	3.4	2.7	6.1
Financial expenses	12	(29.9)	(35.1)	(91.2)	(106.0)
Net financial expenses		**(28.8)**	**(31.7)**	**(88.5)**	**(99.9)**
Profit (loss) before income tax		**3.3**	**(16.8)**	**1.4**	**(42.9)**
Income tax benefit (expense)	13	(10.2)	(2.2)	(26.6)	(11.7)
Profit (loss) from continuing operations		**(6.9)**	**(19.0)**	**(25.2)**	**(54.6)**
Profit (loss) from discontinued operations, net of income tax	7	-	-	-	28.4
Profit (loss) for the period		**(6.9)**	**(19.0)**	**(25.2)**	**(26.2)**
Other comprehensive income for the period, net of income tax					
Exchange differences on translating foreign operations		(7.1)	24.4	(4.9)	9.4
Cash flow hedges		1.3	(4.2)	0.5	0.8
Total other comprehensive income for the period, net of income tax		**(5.8)**	**20.2**	**(4.4)**	**10.2**
Total comprehensive income for the period		**(12.7)**	**1.2**	**(29.6)**	**(16.0)**
Profit (loss) attributable to:					
Equity holders of the combined Group		(6.9)	(19.0)	(25.2)	(26.2)
Minority interests		-	-	-	-
		(6.9)	**(19.0)**	**(25.2)**	**(26.2)**
Total other comprehensive income attributable to:					
Equity holders of the combined Group		(5.8)	20.2	(4.4)	10.2
Minority interests		-	-	-	-
		(5.8)	**20.2**	**(4.4)**	**10.2**

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	September 30, 2009	December 31, 2008
Assets			
Cash and cash equivalents		225.1	133.1
Trade and other receivables		147.0	159.4
Derivatives		0.2	0.3
Current tax assets		5.2	2.0
Inventories	14	131.7	130.2
Other assets		7.3	6.5
Total current assets		**516.5**	**431.5**
Other receivables		25.7	27.3
Investments in joint ventures (equity method)		60.1	57.7
Deferred tax assets		23.1	27.2
Property, plant and equipment	15	438.9	475.3
Investment property		55.1	58.7
Intangible assets	16	1,080.4	1,142.7
Other assets		3.7	3.7
Total non-current assets		**1,687.0**	**1,792.6**
Total assets		**2,203.5**	**2,224.1**
Liabilities			
Trade and other payables		172.3	131.2
Interest bearing borrowings	17	0.5	41.8
Current tax liabilities		33.5	16.6
Derivatives		-	3.4
Employee benefits		28.8	26.1
Provisions	18	45.8	39.0
Total current liabilities		**280.9**	**258.1**
Interest bearing borrowings	17	1,354.8	1,351.2
Deferred tax liabilities		126.3	139.8
Derivatives		10.6	11.3
Employee benefits		65.4	65.6
Provisions	18	22.5	25.5
Total non-current liabilities		**1,579.6**	**1,593.4**
Total liabilities		**1,860.5**	**1,851.5**
Net assets		**343.0**	**372.6**
Equity and reserves			
Share capital	19	405.0	405.0
Reserves	19	17.7	22.1
Retained earnings		(79.7)	(54.5)
Equity attributable to equity holders of the combined Group		**343.0**	**372.6**
Minority interests		-	-
Total equity		**343.0**	**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 (January 1, 2009)	405.0	29.9	(7.8)	(54.5)	372.6	-	372.6
Total comprehensive income for the period	-	(4.9)	0.5	(25.2)	(29.6)	-	(29.6)
Balance at September 30, 2009	**405.0**	**25.0**	**(7.3)**	**(79.7)**	**343.0**	**-**	**343.0**
Balance at the beginning of the period (January 1, 2008)	405.0	(10.3)	(2.5)	(36.7)	355.5	-	355.5
Total comprehensive income for the period	-	9.4	0.8	(26.2)	(16.0)	-	(16.0)
Balance at September 30, 2008	**405.0**	**(0.9)**	**(1.7)**	**(62.9)**	**339.5**	**-**	**339.5**

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	September 30, 2009	September 30, 2008
Cash flows from operating activities		
Cash received from customers	949.0	936.3
Cash paid to suppliers and employees	(690.2)	(713.3)
Interest paid	(65.6)	(78.3)
Income taxes paid	(21.3)	(15.8)
Net cash from (used in) operating activities	**171.9**	**128.9**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(35.2)	(58.9)
Proceeds from sale of property, plant and equipment	6.0	9.4
Acquisition of intangible assets	(10.9)	(15.3)
Proceeds from the sale of intangible assets	0.3	1.3
Disposal of business, net of cash disposed	-	114.9
Disposal of other investments	1.9	5.6
Dividends received	0.7	-
Interest received	1.9	4.5
Net cash from (used in) investing activities	**(35.3)**	**61.5**
Cash flows from financing activities		
Repayment of loans and borrowings		
Secured bank borrowings	(18.6)	(106.9)
Other borrowings	(24.3)	(21.9)
Payments of financial lease liabilities	-	(0.1)
Net cash from (used in) financing activities	**(42.9)**	**(128.9)**
Net increase (decrease) in cash and cash equivalents	93.7	61.5
Cash and cash equivalents at the beginning of the period	133.1	45.5
Effect of exchange rate fluctuations on cash held	(1.7)	1.2
Cash and cash equivalents at period end	**225.1**	**108.2**

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	September 30, 2009	September 30, 2008
Profit (loss) for the period from continuing operations	(25.2)	(54.6)
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	67.3	62.8
Amortisation of intangible assets	66.1	64.4
Impairment losses on property, plant and equipment and investment properties	3.2	-
Change in fair value of derivatives	(3.4)	2.9
Gain on sale of property, plant and equipment and investment property	(2.6)	(0.1)
Net financing costs	88.5	99.9
Share of profit of joint ventures, net of income tax (equity method)	(3.9)	(2.1)
Income tax expense	26.6	11.7
Interest paid	(65.6)	(78.3)
Income tax paid	(21.3)	(15.8)
	129.7	**90.8**
Change in trade and other receivables	13.1	43.3
Change in inventories	(0.6)	(27.1)
Change in trade and other payables	26.2	6.0
Change in provisions and employee benefits	3.5	15.9
Net cash from (used in) operating activities	**171.9**	**128.9**

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

	September 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
Deferred tax assets	-	-	-	1.1
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 assets (acquired) disposed of	**-**	**-**	**-**	**95.1**

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 nine month period ended September 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 November 20, 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 September 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 nine month period ended September 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, Reynolds Group Holdings Limited (formerly 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.

In millions of EUR	For the nine months ended September 30, 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

In millions of EUR	For the nine months ended September 30, 2009	2008
Sale of goods	895.9	886.1
Services	34.3	33.2
Total revenue	**930.2**	**919.3**

9. Other income

In millions of EUR	For the nine months ended September 30, 2009	2008
Rental income from investment property	5.7	8.1
Net foreign currency exchange gain	-	2.4
Income from facility management	2.8	2.5
Income from IT services	0.7	1.7
Income from accounting services	0.2	0.3
Gain from sale of property, plant and equipment	2.7	0.1
Other	12.6	11.1
Total other income	**24.7**	**26.2**

10. Other expenses

In millions of EUR	For the nine months ended September 30, 2009	2008
Impairment charge on investment properties	(3.2)	-
Net foreign currency exchange loss	(2.4)	-
Total other expenses	**(5.6)**	**-**

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

In millions of EUR	For the nine months ended September 30, 2009	2008
Revenue	930.2	919.3
Other income	24.7	26.2
Share of profit of joint ventures, net of income tax (equity method)	3.9	2.1
Own work capitalised	26.3	30.1
Changes in inventories of finished goods & work in progress	6.8	24.9
Raw materials, supplies and services	(405.2)	(480.3)
Personnel expenses	(184.0)	(169.5)
Other operating expenses (refer to note 11.2)	(176.2)	(168.6)
Impairment charge on investment properties	(3.2)	-
EBITDA	**223.3**	**184.2**
Depreciation of property, plant & equipment	(67.3)	(62.8)
Amortisation of intangible assets	(66.1)	(64.4)
Profit from operating activities (EBIT)	**89.9**	**57.0**

11.2 Details of other operating expenses

In millions of EUR	For the nine months ended September 30, 2009	2008
Advertising, representation and travelling expenses	(62.6)	(64.2)
Maintenance, energy and rental expenses	(36.8)	(37.6)
Design and testing expenses	(5.7)	(5.7)
Legal and consultancy expenses	(13.9)	(7.8)
Value adjustments and losses on receivables	(1.2)	(0.5)
Sales expenses	(23.3)	(24.2)
Other administrative expenses	(32.7)	(28.6)
Total other operating expenses	**(176.2)**	**(168.6)**

12. Financial income and expenses

In millions of EUR	For the nine months ended September 30, 2009	2008
Interest income	2.7	4.5
Net foreign currency exchange gain	-	1.6
Financial income	**2.7**	**6.1**
Interest expense on financial liabilities measured at amortised cost		
Senior notes and senior subordinated notes	(58.7)	(58.7)
Secured Bank borrowings	(13.3)	(27.9)
Related party borrowings	(0.2)	(0.5)
Other borrowings	(13.0)	(11.0)
Amortisation of deferred debt transaction costs	(3.6)	(7.2)
Net change in market values of securities	-	(0.7)
Net foreign currency exchange loss	(2.4)	-
Financial expenses	**(91.2)**	**(106.0)**
Net financial expenses	**(88.5)**	**(99.9)**

13. Income tax

Income tax expense for the period increased by €14.9 million to €26.6 million compared to €11.7 million in the previous year. €10.4 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. In addition, during the period a tax expense of €13.3 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 (€2.9 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 €4.5 million is the result of higher taxable results of the operating companies.

14. Inventories

As at

In millions of EUR	September 30 2009	December 31 2008
Raw materials and consumables	26.3	34.2
Work in progress	30.4	28.1
Finished goods	75.0	67.9
Total inventories	**131.7**	**130.2**

During the period, the write-downs of inventories to net realisable value amounted to nil and the reversal of previously recognised write-downs amounted to nil (2008: nil).

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	169.4	277.4	8.8	118.8	574.4
Accumulated impairment losses	-	-	-	-	-
Accumulated depreciation	(14.0)	(78.5)	(1.5)	(41.5)	(135.5)
Carrying amount at September 30, 2009	**155.4**	**198.9**	**7.3**	**77.3**	**438.9**
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 property, plant and equipment of €66.1 million for the period (September 30, 2008: €62.8 million) is recognised in the statements of comprehensive income as a component of cost of sales (2009: €64.3 million, September 30, 2008: €60.7 million) and general and administration expenses (2009: €1.8 million, September 30, 2008: €2.1 million).

16. Intangible assets

As at

In millions of EUR	Goodwill	Trademarks	Rights to supply	Others[(a)]	Total
Cost	635.3	185.1	101.6	371.5	1,293.5
Accumulated impairment losses	-	-	-	-	-
Accumulated amortisation	-	-	(48.5)	(164.6)	(213.1)
Carrying amount at September 30, 2009	**635.3**	**185.1**	**53.1**	**206.9**	**1,080.4**
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 €66.1 million for the period (September 30, 2008: €64.4 million) is recognised in the statements of comprehensive income as a component of cost of sales (2009: €46.2 million, September 30, 2008: €44.6 million) and general and administration expenses (2009: €19.9 million, September 30, 2008: €19.8 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 September 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	September 30 2009	December 31 2008
Secured bank borrowings [(a) (d)]	-	18.7
Secured local facilities [(e)]	-	-
Bank borrowings [(h)]	0.2	22.4
Current portion of finance lease liabilities	-	0.1
Other borrowings	0.3	0.6
Current liabilities	**0.5**	**41.8**
Secured bank borrowings [(a) (d)]	472.4	470.8
Secure local facilities [(e)]	-	-
8% senior notes [(b) (f)]	465.0	463.8
$9^1/_2$% senior subordinated notes [(c) (f)]	406.4	405.6
Related party borrowings [(g)]	10.2	10.2
Other borrowings	0.8	0.8
Non-current liabilities	**1,354.8**	**1,351.2**
(a) Secured bank borrowings (current and non-current)	484.5	503.1
Transaction costs	(12.1)	(13.6)
Carrying amount	**472.4**	**489.5**
(b) 8% senior notes	480.0	480.0
Transaction costs	(15.0)	(16.2)
Carrying amount	**465.0**	**463.8**
(c) 9½% senior subordinated notes	420.0	420.0
Transaction costs	(13.6)	(14.4)
Carrying amount	**406.4**	**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 September 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 September 30, 2009, €20.0 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 €6.8 million. The rest of the revolving facility of €65 million was undrawn.

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 September 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 September 2009 interest payment was 0.461%. The resulting effective interest rates for the nine month period ended September 30, 2009 on Facility B and C respectively were 3.915% (September 2008: 7.126%) and 4.119% (September 2008: 7.323%). 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 September 30, 2009, the combined Group was in compliance with the covenants under the Senior Credit Facilities.

(e) Secured local facilities

At September 30, 2009 secured local facilities comprised a bank facility in Thailand for the equivalent of €9.9 million (December 2008: €9.9 million) with HSBC, which is secured under the Senior Credit Facilities in accordance with the terms of the intercreditor arrangements. At September 30, 2009 the facility was undrawn (December 2008: nil).

At September 30, 2009 secured local facilities comprised bank facilities in China for the equivalent of €35.1 million (December 2008: €38.3 million) with Bank of China, The Agricultural Bank of China and Industrial & Commercial Bank of China, which is secured under the Senior Credit Facilities in accordance with the terms of the intercreditor arrangements. At September 30, 2009 the facilities were drawn by €2.6 million for bank guarantees (December 2008: €12.6 million for credits and €0.2 million for bank guarantees).

(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 September 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	236.2	251.6	244.8
Secured bank borrowings (Facility C)	EUR	EURIBOR + 2.5%	2016	242.3	236.2	251.5	244.7
Secured local facilities	EUR	Various	-	-	-	-	-
8% senior notes	EUR	8%	2016	480.0	465.0	480.0	463.8
9 ½% senior subordinated notes	EUR	9.5%	2017	420.0	406.4	420.0	405.6
Related party - RGHL	EUR	EURIBOR + 2.375%	2016	10.2	10.2	10.2	10.2
Other borrowings				1.3	1.3	23.9	23.9
				1,396.0	**1,355.3**	**1,437.2**	**1,393.0**

18. Provisions

In millions of EUR	Legal and warranty	Restructuring[(a)]	Other[(b)]	Total
Current	17.9	12.3	15.6	45.8
Non-current	18.0	-	4.5	22.5
Total provisions at September 30, 2009	**35.9**	**12.3**	**20.1**	**68.3**
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 €22.6 million has been recognised (September 2008: €3.8 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	September 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	September 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	September 30 2009	December 31 2008
Translation reserve	25.0	29.9
Hedging reserve	(7.3)	(7.8)
Total reserves	**17.7**	**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 were paid within or post the completion of the financial period ended September 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
Reynolds Group Holdings Limited (formerly 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
Rank Group Limited	Common ultimate shareholder	Recharges

	Balance outstanding as at		Transaction values for the nine months ended	
	September 30	December 31	September 30	September 30
In millions of EUR	2009	2008	2009	2008
Transactions with the ultimate parent				
Intercompany loans:				
RGHL	10.2	10.2	-	-
Accrued interest:				
RGHL	1.1	0.7	1.1	0.6
CFC tax liability:				
BPC Finance New Zealand Limited	8.3	-	8.3	-
Nerva Investments Limited	8.3	-	8.3	-
Transactions with joint ventures				
Sale of goods:				
Joint venture Obeikan	14.1	16.8	48.9	43.1
Dividends:				
Joint venture Obeikan	-	-	0.7	-
Transactions with other related parties				
Receivables:				
Rank Group Limited	-	0.2	-	2.0

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 September 30, 2008:

As at	
In millions of EUR	**September 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 September 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	September 30 2009	December 31 2008
Contingent liabilities	18.2	21.6
Contingent assets	-	-
Total contingencies	**18.2**	**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 September 30, 2009 no provisions were required. The potential obligation to buy back filling machines exposes the combined Group to a potential maximum amount of €48.3 million (December 2008: €79.1 million).

24. Subsequent events

On November 5, 2009 the combined Group acquired from affiliated entities that are also beneficially owned by Graeme Hart, our strategic owner, the business operations of Reynolds Consumer Products and Closure Systems International.

In addition and as part of this transaction the combined Group repaid in full the Senior Secured Credit facilities and issued/entered into the following new debt instruments

- issuance of US$1,125 million principal amount of 7.75% senior secured notes due 2016 (the "Dollar Notes"),
- issuance of €450 million principal amount of 7.75% senior secured notes due 2016 (the "Euro Notes" and together with the Dollar Notes, the "New Notes"),
- entering into US$1,035 million principal amount of term borrowings due 2015 under a new senior secured credit facilities (the "New Credit Facility"),
- entering into €250 million principal amount of senior secured term borrowings due 2015 under the New Credit Facilities;
- entering into US$120 million principal amount of senior secured revolving credit facility due 2014 under the New Credit Facilities; and
- entering into €80 million principal amount of senior secured revolving credit facility due 2014 under the New Credit Facilities.

The acquisition of the Reynolds Consumer Products and Closure Systems International businesses represents a business combination under common control as both before and after the transaction, Grame Hart, our strategic owner, continues to be the sole shareholder of the combined Group and the acquired businesses.

Accordingly the transaction is accounted for using the carry-over or book value method of accounting whereby the carrying value of the net assets acquired does not change and the excess of the purchase consideration over the consolidated predecessor book values is recognised directly in equity.

Other than as disclosed above there have been no other events subsequent to September 30, 2009 which in the opinion of the Directors would have a material effect and require accrual of disclosure in the unaudited interim condensed consolidated financial statements.