

**Dopaco**  
**Interim Combined Financial Statements**  
**(Unaudited)**  
**March 27, 2011 and March 28, 2010**  
**(in thousands of US dollars)**

**Dopaco**  
**Interim Combined Balance Sheets**  
**(Unaudited)**

	<u>Note</u>	<u>As at March 27, 2011</u>	<u>As at December 26, 2010</u>
		\$	\$
		(In thousands of US dollars)	
<b>Assets</b>			
<b>Current assets</b>			
Cash . . . . .		27	28
Receivables . . . . .		31,738	33,919
Inventories . . . . .	3	56,117	60,006
Prepaid expenses . . . . .		<u>3,169</u>	<u>2,399</u>
		91,051	96,352
<b>Investment in significantly influenced company</b> . . . . .		2,046	2,215
<b>Property, plant and equipment</b> . . . . .		153,605	157,627
<b>Customer relationships and client lists</b> . . . . .		15,831	15,998
<b>Goodwill</b> . . . . .		20,231	20,066
<b>Deferred income tax assets</b> . . . . .		14,128	12,998
<b>Other long-term assets</b> . . . . .		<u>2,003</u>	<u>2,071</u>
		<u>298,895</u>	<u>307,327</u>
<b>Liabilities and Invested Equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities			
— Third parties . . . . .		35,890	35,031
— Related parties . . . . .		2,076	2,089
Income taxes payable . . . . .		<u>796</u>	<u>559</u>
		38,762	37,679
<b>Other long-term liabilities</b> . . . . .		16,756	13,506
<b>Deferred income tax liability</b> . . . . .		<u>51,149</u>	<u>51,307</u>
		<u>106,667</u>	<u>102,492</u>
<b>Contingency</b> . . . . .	5		
<b>Invested equity</b>			
Owner's net investment . . . . .		<u>182,821</u>	<u>199,367</u>
Accumulated other comprehensive income . . . . .		<u>9,407</u>	<u>5,468</u>
		<u>192,228</u>	<u>204,835</u>
		<u>298,895</u>	<u>307,327</u>

The accompanying notes are an integral part of these interim combined financial statements.

**Dopaco**  
**Interim Combined Statements of Earnings**  
**(Unaudited)**  
**For the three-month periods ended March 27, 2011 and March 28, 2010**

	<u>2011</u>	<u>2010</u>
	\$	\$
	(In thousands of US dollars)	
<b>Sales</b> .....	108,547	107,273
<b>Cost of sales and expenses</b>		
Cost of sales		
— Third parties .....	85,626	82,950
— Related parties .....	9,606	10,209
Selling and administrative expenses		
— Third parties .....	10,974	7,645
— Related parties .....	116	197
Other operating expenses .....	<u>8</u>	<u>52</u>
	106,330	101,053
<b>Operating income</b> .....	<u>2,217</u>	<u>6,220</u>
Interest income .....	16	175
Foreign exchange gain .....	<u>238</u>	<u>177</u>
	<u>254</u>	<u>352</u>
<b>Earnings before income taxes</b> .....	2,471	6,572
<b>Provision for income taxes</b> .....	566	631
<b>Share of results of significantly influenced company</b> .....	<u>(4)</u>	<u>128</u>
<b>Net earnings for the period</b> .....	<u><u>1,901</u></u>	<u><u>6,069</u></u>

The accompanying notes are an integral part of these interim combined financial statements.

**Dopaco**  
**Interim Combined Statements of Comprehensive Income**  
**(Unaudited)**  
**For the three-month periods ended March 27, 2011 and March 28, 2010**

	<u>2011</u>	<u>2010</u>
	\$	\$
	(In thousands of US dollars)	
<b>Net earnings for the period</b> . . . . .	<u>1,901</u>	<u>6,069</u>
Change in foreign currency translation adjustment of foreign operations . . . . .	3,807	1,877
Actuarial gain on employee future benefits, net of taxes. . . . .	<u>132</u>	<u>45</u>
<b>Other comprehensive income</b> . . . . .	<u>3,939</u>	<u>1,922</u>
<b>Comprehensive income for the period</b> . . . . .	<u><u>5,840</u></u>	<u><u>7,991</u></u>

The accompanying notes are an integral part of these interim combined financial statements.

**Dopaco**  
**Interim Combined Statement of Invested Equity**  
**(Unaudited)**  
**For the three-month periods ended March 27, 2011**

	<u>Owner's net investment</u>	<u>Accumulated other comprehensive income</u>	<u>Total invested equity</u>
	\$	\$	\$
	(In thousands of US dollars)		
<b>Balance — December 26, 2010</b> . . . . .	<b>199,367</b>	<b>5,468</b>	<b>204,835</b>
Net earnings for the period . . . . .	1,901	—	1,901
Net transfers to Owner . . . . .	(18,447)	—	(18,447)
Other comprehensive income . . . . .	—	<u>3,939</u>	<u>3,939</u>
<b>Balance — March 27, 2011</b> . . . . .	<u><b>182,821</b></u>	<u><b>9,407</b></u>	<u><b>192,228</b></u>

The accompanying notes are an integral part of these interim combined financial statements.

**Dopaco**  
**Interim Combined Statements of Cash Flows (Unaudited)**  
**For the three-month periods ended March 27, 2011 and March 28, 2010**

	<u>2011</u> \$	<u>2010</u> \$
	(In thousands of US dollars)	
<b>Operating activities</b>		
Net earnings for the period . . . . .	1,901	6,069
Adjustments to reconcile net earnings to cash flows from operations		
Depreciation and amortization . . . . .	5,767	5,924
Share of results of significantly influenced company . . . . .	4	(128)
Deferred income taxes . . . . .	(992)	(1,558)
Other . . . . .	3,798	(2,210)
Changes in current assets and liabilities		
Receivables . . . . .	2,373	701
Inventories . . . . .	4,192	(24)
Prepaid expenses . . . . .	(760)	(728)
Income taxes . . . . .	206	10
Accounts payable and accrued liabilities		
— Third parties . . . . .	685	(4,985)
— Related parties . . . . .	<u>(13)</u>	<u>(49)</u>
Net cash provided by operating activities . . . . .	<u>17,161</u>	<u>3,022</u>
<b>Investing activities</b>		
Additions to property, plant and equipment . . . . .	<u>(924)</u>	<u>(2,716)</u>
Net cash used in investing activities . . . . .	<u>(924)</u>	<u>(2,716)</u>
<b>Financing activities</b>		
Net transfers to Owner . . . . .	<u>(16,238)</u>	<u>(305)</u>
Net cash used in financing activities . . . . .	<u>(16,238)</u>	<u>(305)</u>
<b>Net changes in cash . . . . .</b>	<b>(1)</b>	<b>1</b>
<b>Cash — Beginning of period . . . . .</b>	<b><u>28</u></b>	<b><u>33</u></b>
<b>Cash — End of period . . . . .</b>	<b><u><u>27</u></u></b>	<b><u><u>34</u></u></b>

The accompanying notes are an integral part of these interim combined financial statements.

## **Dopaco**

### **Notes to Interim Combined Financial Statements (Unaudited) March 27, 2011 and March 28, 2010 (in thousands of US dollars)**

#### **1 Nature of activities and basis of presentation**

On May 2, 2011, Cascades Inc., through its wholly owned subsidiary, Cascades USA Inc. (“Cascades USA”), (together, the “Owner”) completed the sale of Dopaco Inc. and Dopaco Canada Inc. (together “Dopaco”) to Reynolds Group Holdings Limited. Dopaco manufactures and supplies packaging, including cups and lids, for the quick service restaurant and food service industries in North America. These interim combined financial statements have been prepared in connection with this sale, and present the carve-out historical interim combined financial position, results of operations and cash flows of Dopaco as if it operated on a stand-alone basis subject to the Owner’s control, which is more fully described in note 1 to the audited combined financial statements as at December 26, 2010 and December 27, 2009.

Dopaco ceased to be a guarantor of the Owner’s external Senior Notes on May 2, 2011.

The accompanying unaudited interim combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). In the opinion of management, they reflect all adjustments, of a normal recurring nature, that are necessary for the fair presentation of Dopaco’s financial position, results of operations and cash flows for the interim periods presented. Results of the first three months of the year may not necessarily be indicative of full year results. These interim combined financial statements should be read in conjunction with the audited combined financial statements as at December 26, 2010 and December 27, 2009 and for the years ended December 26, 2010, December 27, 2009 and December 28, 2008, and the notes thereto.

Dopaco uses a 13-week quarterly period with the period-end falling on the last Sunday of March of each year. The first quarters are referred to as the three-month periods ended March 27, 2011 and March 28, 2010.

#### **2 New accounting standards**

##### ***Adopted in 2011***

In January 2010, the Financial Accounting Standards Board issued an update of Accounting Standards Codification (“ASC”) 820-10, “Fair Value Measurements and Disclosures — Overall”, (formerly Statement of Financial Accounting Standards (“FAS”) 157, “Fair Value Measurements”) to add two new disclosures:

- transfers in and out of Level 1 and 2 measurements and the reasons for the transfers; and
- a gross presentation of activity within the Level 3 roll-forward.

The updated ASC also includes clarifications to existing disclosure requirements on the level of disaggregation and disclosures regarding inputs and valuation techniques. These modifications are effective for interim and annual periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the roll-forward activity in Level 3 fair value measurements. Those disclosures are effective for interim and annual periods beginning after December 15, 2010. Dopaco adopted the updated ASC 820-10 on December 27, 2010. The adoption of this ASC did not have an impact on Dopaco’s financial position or results of operations.

## Dopaco

### Notes to Interim Combined Financial Statements (Unaudited) (Continued) March 27, 2011 and March 28, 2010 (in thousands of US dollars)

#### 3 Inventories

	As at March 27, 2011 \$	As at December 26, 2010 \$
Raw materials and other supplies . . . . .	14,680	16,906
Work in process . . . . .	15,337	17,040
Finished goods . . . . .	26,100	26,060
	56,117	60,006

#### 4 Employee future benefits

The expense for the defined benefit pension plans for the three-month periods ended March 27, 2011 and March 28, 2010 is as follows:

	2011 \$	2010 \$
Current service cost . . . . .	408	536
Interest cost . . . . .	337	340
Expected return on plan assets . . . . .	(262)	(234)
Recognized prior service cost . . . . .	75	22
Recognized actuarial loss . . . . .	82	140
Recognized net transitional obligation . . . . .	1	1
Curtailment . . . . .	2,680	—
Establishment of a post-retirement health benefits plan . . . . .	663	—
Net periodic benefit cost . . . . .	3,984	805

On February 1, 2011, Dopaco amended the Supplemental Executive Retirement Plan (“SERP”) of one of its executives. A curtailment charge of \$2,680 was recognized following this amendment. In addition to the amendment to the SERP, Dopaco also entered into an agreement to provide a post-retirement health benefits plan to one of its executives. An expense of \$663 was recognized at the inception of this plan.

#### 5 Contingency

At the end of 2010, Dopaco defended a claim in a California state court alleging violations of the State’s on-duty meal break laws. In 2010, Dopaco recognized \$7,240 in settlement costs, representing the amounts due under the preliminary settlement agreement reached in January 2011. On April 12, 2011, the preliminary settlement was approved by the court. As such, Dopaco does not anticipate that the final outcome will differ substantially from the initial estimate or have a material adverse effect on its financial position or long-term results of operations or cash flows.

#### 6 Subsequent event

Dopaco evaluates subsequent events through the date that its interim combined financial statements are issued, which is May 11, 2011.