

**Reynolds Group Holdings Limited**  
**Interim unaudited condensed financial statements**  
**for the three and nine month periods ended September 30, 2011 and September 30, 2010**

**Reynolds Group Holdings Limited**

**Interim unaudited condensed statements of comprehensive income**

	Note	For the three month period ended September 30,		For the nine month period ended September 30,	
		2011	2010	2011	2010
(In \$ million)					
Revenue . . . . .		3,068.5	1,611.8	8,279.4	4,596.7
Cost of sales . . . . .		<u>(2,547.5)</u>	<u>(1,282.2)</u>	<u>(6,825.1)</u>	<u>(3,741.7)</u>
<b>Gross profit . . . . .</b>		<b>521.0</b>	<b>329.6</b>	<b>1,454.3</b>	<b>855.0</b>
Other income . . . . .	7	24.7	37.7	67.8	72.0
Selling, marketing and distribution expenses . . . . .		(97.2)	(50.4)	(266.1)	(152.9)
General and administration expenses . . . . .		(141.5)	(93.9)	(435.9)	(270.5)
Other expenses . . . . .	8	(78.2)	(9.1)	(224.3)	(42.0)
Share of profit of associates and joint ventures, net of income tax . . . . .		<u>4.8</u>	<u>3.8</u>	<u>13.5</u>	<u>13.2</u>
<b>Profit from operating activities . . . . .</b>		<b><u>233.6</u></b>	<b><u>217.7</u></b>	<b><u>609.3</u></b>	<b><u>474.8</u></b>
Financial income . . . . .	9	5.7	79.4	31.6	16.5
Financial expenses . . . . .	9	<u>(522.1)</u>	<u>(180.3)</u>	<u>(1,085.8)</u>	<u>(456.2)</u>
<b>Net financial expenses . . . . .</b>		<b><u>(516.4)</u></b>	<b><u>(100.9)</u></b>	<b><u>(1,054.2)</u></b>	<b><u>(439.7)</u></b>
<b>Profit (loss) before income tax . . . . .</b>		<b><u>(282.8)</u></b>	<b><u>116.8</u></b>	<b><u>(444.9)</u></b>	<b><u>35.1</u></b>
Income tax benefit (expense) . . . . .	10	<u>3.6</u>	<u>(35.8)</u>	<u>62.0</u>	<u>(71.1)</u>
<b>Profit (loss) for the period . . . . .</b>		<b><u>(279.2)</u></b>	<b><u>81.0</u></b>	<b><u>(382.9)</u></b>	<b><u>(36.0)</u></b>
<b>Other comprehensive income (loss) for the period, net of income tax</b>					
Exchange differences on translating foreign operations . .		25.5	(58.2)	(90.2)	136.2
Transfers from foreign currency translation reserve to profit and loss . . . . .	16	<u>—</u>	<u>—</u>	<u>—</u>	<u>48.5</u>
<b>Total other comprehensive income (loss) for the period, net of income tax . . . . .</b>		<b><u>25.5</u></b>	<b><u>(58.2)</u></b>	<b><u>(90.2)</u></b>	<b><u>184.7</u></b>
<b>Total comprehensive income (loss) for the period . . . . .</b>		<b><u>(253.7)</u></b>	<b><u>22.8</u></b>	<b><u>(473.1)</u></b>	<b><u>148.7</u></b>
<b>Profit (loss) attributable to:</b>					
Equity holder of the Group . . . . .		(279.4)	81.1	(384.0)	(36.1)
Non-controlling interests . . . . .		<u>0.2</u>	<u>(0.1)</u>	<u>1.1</u>	<u>0.1</u>
		<b><u>(279.2)</u></b>	<b><u>81.0</u></b>	<b><u>(382.9)</u></b>	<b><u>(36.0)</u></b>
<b>Total other comprehensive income (loss) attributable to:</b>					
Equity holder of the Group . . . . .		25.6	(58.5)	(90.1)	185.1
Non-controlling interests . . . . .		<u>(0.1)</u>	<u>0.3</u>	<u>(0.1)</u>	<u>(0.4)</u>
		<b><u>25.5</u></b>	<b><u>(58.2)</u></b>	<b><u>(90.2)</u></b>	<b><u>184.7</u></b>

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

**Reynolds Group Holdings Limited**  
**Interim unaudited condensed statements of financial position**

	Note	<u>As of September 30,</u> 2011	<u>As of December 31,</u> 2010*
(In \$ million)			
<b>Assets</b>			
Cash and cash equivalents . . . . .		1,046.0	663.8
Trade and other receivables . . . . .		1,596.7	1,150.2
Inventories . . . . .	11	1,950.5	1,280.6
Current tax assets . . . . .		39.2	108.6
Assets held for sale . . . . .	21	92.3	17.8
Derivatives . . . . .		1.5	11.8
Other assets . . . . .		87.1	63.1
<b>Total current assets</b> . . . . .		<b><u>4,813.3</u></b>	<b><u>3,295.9</u></b>
Non-current receivables . . . . .		317.0	303.1
Investments in associates and joint ventures . . . . .		120.1	109.6
Deferred tax assets . . . . .		36.5	23.3
Property, plant and equipment . . . . .	12	4,659.4	3,266.2
Investment properties . . . . .		26.0	67.6
Intangible assets . . . . .	13	12,442.2	8,747.9
Derivatives . . . . .		46.4	87.0
Other assets . . . . .		153.2	75.0
<b>Total non-current assets</b> . . . . .		<b><u>17,800.8</u></b>	<b><u>12,679.7</u></b>
<b>Total assets</b> . . . . .		<b><u>22,614.1</u></b>	<b><u>15,975.6</u></b>
<b>Liabilities</b>			
Bank overdrafts . . . . .		9.1	11.7
Trade and other payables . . . . .		2,014.5	1,245.8
Borrowings . . . . .	14	1,035.1	140.9
Current tax liabilities . . . . .		159.3	146.3
Derivatives . . . . .		15.5	1.2
Employee benefits . . . . .		229.6	194.7
Provisions . . . . .	15	110.0	73.7
<b>Total current liabilities</b> . . . . .		<b><u>3,573.1</u></b>	<b><u>1,814.3</u></b>
Non-current payables . . . . .		34.2	8.6
Borrowings . . . . .	14	16,737.7	11,701.7
Deferred tax liabilities . . . . .		1,389.6	1,129.7
Employee benefits . . . . .		965.1	971.5
Provisions . . . . .	15	125.9	85.9
<b>Total non-current liabilities</b> . . . . .		<b><u>19,252.5</u></b>	<b><u>13,897.4</u></b>
<b>Total liabilities</b> . . . . .		<b><u>22,825.6</u></b>	<b><u>15,711.7</u></b>
<b>Net assets (liabilities)</b> . . . . .		<b><u>(211.5)</u></b>	<b><u>263.9</u></b>
<b>Equity</b>			
Share capital . . . . .		1,695.0	1,695.0
Reserves . . . . .		(1,282.0)	(1,191.9)
Accumulated losses . . . . .		(646.1)	(262.1)
<b>Equity attributable to equity holder of the Group</b> . . . . .		<b><u>(233.1)</u></b>	<b><u>241.0</u></b>
Non-controlling interests . . . . .		21.6	22.9
<b>Total equity (deficit)</b> . . . . .		<b><u>(211.5)</u></b>	<b><u>263.9</u></b>

\* In accordance with IFRS 3 (revised) "Business Combinations", the comparative information presented as of December 31, 2010 has been revised to reflect the effect of the finalization of the purchase price accounting for the Pactiv Acquisition. Refer to notes 2.5 and 18.

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

**Reynolds Group Holdings Limited**  
**Interim unaudited condensed statements of changes in equity**

	Note	Share capital	Translation of foreign operations	Other reserves	Accumulated losses (In \$ million)	Equity attributable to equity holder of the Group	Non- controlling interests	Total
<b>Balance at the beginning of the period (January 1, 2010)</b> . . . . .		1,653.9	76.1	(513.3)	(129.6)	<b>1,087.1</b>	16.3	<b>1,103.4</b>
Issue of shares (net of issue costs) . . . . .	16	624.6	—	—	—	<b>624.6</b>	—	<b>624.6</b>
Total comprehensive income for the period:								
Profit (loss) after tax . . . . .		—	—	—	(36.1)	<b>(36.1)</b>	0.1	<b>(36.0)</b>
Foreign exchange translation reserve . . . . .		—	<u>185.1</u>	—	—	<u>185.1</u>	<u>(0.4)</u>	<u>184.7</u>
<b>Total comprehensive income for the period</b> . . . . .		—	<b>185.1</b>	—	<b>(36.1)</b>	<b>149.0</b>	<b>(0.3)</b>	<b>148.7</b>
Common control transactions . . . . .	19	(905.5)	—	(1,047.6)	—	<b>(1,953.1)</b>	—	<b>(1,953.1)</b>
Purchase of non-controlling interest . . . . .		—	—	—	3.0	<b>3.0</b>	(5.4)	<b>(2.4)</b>
Disposal of business . . . . .		—	—	—	—	—	(3.8)	<b>(3.8)</b>
Dividends paid to related parties and non- controlling interests . . . . .		—	—	—	(39.0)	<b>(39.0)</b>	(1.8)	<b>(40.8)</b>
<b>Balance at September 30, 2010</b> . . . . .		<u><b>1,373.0</b></u>	<u><b>261.2</b></u>	<u><b>(1,560.9)</b></u>	<u><b>(201.7)</b></u>	<u><b>(128.4)</b></u>	<u><b>5.0</b></u>	<u><b>(123.4)</b></u>
Balance at the beginning of the period (January 1, 2011)* . . . . .		1,695.0	369.0	(1,560.9)	(262.1)	<b>241.0</b>	22.9	<b>263.9</b>
Total comprehensive income for the period:								
Profit (loss) after tax . . . . .		—	—	—	(384.0)	<b>(384.0)</b>	1.1	<b>(382.9)</b>
Foreign exchange translation reserve . . . . .		—	<u>(90.1)</u>	—	—	<u>(90.1)</u>	<u>(0.1)</u>	<u>(90.2)</u>
<b>Total comprehensive income for the period</b> . . . . .		—	<b>(90.1)</b>	—	<b>(384.0)</b>	<b>(474.1)</b>	<b>1.0</b>	<b>(473.1)</b>
Dividends paid to non-controlling interests . . . . .		—	—	—	—	—	(2.3)	<b>(2.3)</b>
<b>Balance at September 30, 2011</b> . . . . .		<u><b>1,695.0</b></u>	<u><b>278.9</b></u>	<u><b>(1,560.9)</b></u>	<u><b>(646.1)</b></u>	<u><b>(233.1)</b></u>	<u><b>21.6</b></u>	<u><b>(211.5)</b></u>

\* In accordance with IFRS 3 (revised) “Business Combinations”, the January 1, 2011 balance has been revised to reflect the effect of the finalization of the purchase price accounting for the Pactiv Acquisition. Refer to notes 2.5 and 18.

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

**Reynolds Group Holdings Limited**  
**Interim unaudited condensed statement of cash flows**

	<b>For the nine month period ended September 30,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(In \$ million)</b>	
<b>Cash flows from operating activities</b>		
Cash received from customers . . . . .	8,020.8	4,678.2
Cash paid to suppliers and employees . . . . .	(7,160.5)	(3,940.9)
Interest paid . . . . .	(558.1)	(206.0)
Income taxes paid, net of refunds received . . . . .	(55.2)	(85.3)
Change of control and other acquisition costs . . . . .	(83.8)	—
Payment to related party for use of tax losses . . . . .	—	(22.5)
<b>Net cash from operating activities</b> . . . . .	<b><u>163.2</u></b>	<b><u>423.5</u></b>
<b>Cash flows used in investing activities</b>		
Purchase of Whakatane Mill . . . . .	—	(45.8)
Acquisition of property, plant and equipment and investment properties . . . . .	(336.6)	(191.0)
Proceeds from sale of property, plant and equipment, investment properties and other assets . . . . .	17.1	25.6
Acquisition of intangible assets . . . . .	(9.9)	(11.9)
Acquisition of businesses, net of cash acquired . . . . .	(2,048.3)	(25.4)
Disposal of business, net of cash disposed . . . . .	—	32.4
Disposal of other investments . . . . .	—	8.9
Preacquisition advance to Graham Packaging . . . . .	(20.5)	—
Receipt of related party advances . . . . .	—	60.5
Interest received . . . . .	4.0	5.1
Dividends received from joint ventures . . . . .	6.3	2.9
<b>Net cash used in investing activities</b> . . . . .	<b><u>(2,387.9)</u></b>	<b><u>(138.7)</u></b>
<b>Cash flows from (used in) financing activities</b>		
Acquisitions of business under common control . . . . .	—	(1,913.8)
Drawdown of loans and borrowings:		
August 2011 Credit Agreement Tranche B Term Loan . . . . .	2,000.0	—
August 2011 Credit Agreement Tranche C Term Loan . . . . .	2,666.2	—
August 2011 Notes . . . . .	2,482.2	—
February 2011 Notes . . . . .	2,000.0	—
May 2010 Notes . . . . .	—	1,000.0
2009 Credit Agreement . . . . .	10.0	800.0
Other borrowings . . . . .	5.5	1.0
Repayment of loans and borrowings:		
2011 Credit Agreement . . . . .	(11.8)	—
2009 Credit Agreement . . . . .	(4,168.3)	(24.2)
Graham Packaging acquired borrowings . . . . .	(1,935.4)	—
Blue Ridge Facility . . . . .	—	(43.1)
Other borrowings . . . . .	(2.9)	(2.6)
Payment of liabilities arising from the Graham Packaging Acquisition . . . . .	(252.1)	—
Payment of transaction costs . . . . .	(208.8)	(119.5)
Purchase of minority interests . . . . .	—	(3.2)
Related party borrowings . . . . .	25.0	—
Dividends paid to related parties and non-controlling interests . . . . .	(1.5)	(39.4)
<b>Net cash from (used in) financing activities</b> . . . . .	<b><u>2,608.1</u></b>	<b><u>(344.8)</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b> . . . . .	<b><u>383.4</u></b>	<b><u>(60.0)</u></b>
Cash and cash equivalents at the beginning of the period . . . . .	652.1	514.4
Effect of exchange rate fluctuations on cash held . . . . .	1.4	(3.9)
<b>Cash and cash equivalents at end of period</b> . . . . .	<b><u>1,036.9</u></b>	<b><u>450.5</u></b>
<b>Cash and cash equivalents comprise</b>		
Cash and cash equivalents . . . . .	1,046.0	453.8
Bank overdrafts . . . . .	(9.1)	(3.3)
<b>Cash and cash equivalents at end of period</b> . . . . .	<b><u>1,036.9</u></b>	<b><u>450.5</u></b>

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

**Reynolds Group Holdings Limited**

**Interim unaudited condensed statement of cash flows (Continued)**

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

	For the nine month period ended September 30,	
	2011	2010
	(In \$ million)	
Loss for the period . . . . .	(382.9)	(36.0)
Adjustments for:		
Depreciation of property, plant and equipment . . . . .	428.1	213.8
Depreciation of investment properties . . . . .	1.2	1.8
Amortization of intangible assets . . . . .	218.5	126.3
Asset impairment charges . . . . .	10.5	5.7
Net foreign currency exchange loss (gain) . . . . .	10.7	3.9
Change in fair value of derivatives . . . . .	25.0	0.4
(Gain) loss on sale of property, plant and equipment and non-current assets . . . . .	(0.3)	(1.1)
Gain on sale of businesses . . . . .	(5.2)	(11.4)
CSI Americas gain on acquisition . . . . .	—	(9.8)
Net financial expenses . . . . .	1,054.2	439.7
Share of profit of equity accounted investees . . . . .	(13.5)	(13.2)
Income tax (benefit) expense . . . . .	(62.0)	71.1
Interest paid . . . . .	(558.1)	(206.0)
Income taxes paid, net of refunds received . . . . .	(55.2)	(85.3)
Change in trade and other receivables . . . . .	(100.3)	(86.8)
Change in inventories . . . . .	(327.4)	(100.1)
Change in trade and other payables . . . . .	79.4	120.7
Change in provisions and employee benefits . . . . .	(132.1)	(42.7)
Change in other assets and liabilities . . . . .	(27.4)	32.5
<b>Net cash from operating activities . . . . .</b>	<b><u>163.2</u></b>	<b><u>423.5</u></b>

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

During the nine month period ended September 30, 2011, related party interest income of \$11.9 million (nine month period ended September 30, 2010: \$10.3 million) was capitalized as part of the non-current related party receivable balance included in other non-current receivables. Refer to note 17.

During the nine month period ended September 30, 2010, Evergreen Packaging Inc. (“EPI”) issued shares to Evergreen Packaging US, its parent company at the time of issue, in exchange for the novation of external borrowings, net of debt issue costs, in amounts of CA\$29.5 million (\$29.2 million), NZ\$775.6 million (\$567.5 million) and \$27.9 million. Refer to note 16.

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

**Reynolds Group Holdings Limited**

**Interim unaudited condensed statement of cash flows (Continued)**

**Acquisitions and disposals of businesses**

	For the nine month period ended September 30,			
	2011		2010	
	Acquisitions	Disposals	Acquisitions	Disposals
	(In \$ million)			
<b>Inflow (outflow) of cash:</b>				
Cash receipts (payments) . . . . .	(2,192.0)	—	(36.2)	32.4
Net cash (bank overdraft) acquired (disposed of) . . . . .	143.7	—	10.8	—
Consideration received, satisfied in notes receivable. . . . .	—	—	—	14.4
Consideration subject to post-closing adjustments . . . . .	—	—	—	1.1
	<b>(2,048.3)</b>	—	<b>(25.4)</b>	<b>47.9</b>
Cash and cash equivalents, net of bank overdrafts . . . . .	(143.7)	—	(10.8)	—
Net gain on sale before reclassification from foreign currency translation reserve . . . . .	—	—	—	(9.9)
<b>Net assets (acquired)/disposed of . . . . .</b>	<b>(2,192.0)</b>	—	<b>(36.2)</b>	<b>38.0</b>
<b>Details of net assets (acquired)/disposed of:</b>				
Cash and cash equivalents . . . . .	(148.1)	—	(10.8)	—
Trade and other receivables . . . . .	(370.5)	—	(3.0)	11.7
Assets held for sale . . . . .	(9.1)	—	—	—
Derivative assets . . . . .	(9.4)	—	—	—
Current tax assets . . . . .	(3.3)	—	—	—
Inventories . . . . .	(358.2)	—	(10.7)	7.7
Deferred tax assets . . . . .	(11.2)	—	(10.8)	—
Property, plant and equipment . . . . .	(1,569.7)	—	(14.6)	22.2
Intangible assets (excluding goodwill). . . . .	(1,747.7)	—	(3.6)	0.4
Goodwill . . . . .	(2,194.8)	—	—	—
Other current and non-current assets . . . . .	(25.6)	—	(0.1)	0.4
Investment in associates and joint venture . . . . .	(1.4)	—	—	3.4
Bank overdrafts . . . . .	4.4	—	—	—
Trade and other payables . . . . .	714.5	—	7.0	(7.8)
Current tax liabilities . . . . .	9.8	—	—	—
Borrowings . . . . .	2,852.0	—	—	—
Deferred tax liabilities . . . . .	448.4	—	—	—
Provisions and employee benefits . . . . .	227.9	—	0.6	—
<b>Net assets (acquired)/disposed of . . . . .</b>	<b>(2,192.0)</b>	—	<b>(46.0)</b>	<b>38.0</b>
Gain on acquisition . . . . .	—	—	9.8	—
Amounts reclassified from foreign currency translation reserve . . . . .	—	—	—	0.8
	<b>(2,192.0)</b>	—	<b>(36.2)</b>	<b>38.8</b>

The acquisitions in 2011 relate to the purchase of Dopaco on May 2, 2011 and Graham Packaging on September 8, 2011 (refer to note 18).

The acquisition in 2010 relates to the purchase of Obrist Americas, Inc., subsequently renamed Closure Systems International Americas, Inc., on February 1, 2010 (refer to note 18). The disposal in 2010 relates to the sale of the Group's envelope window film business and related operations in Avenal, New Jersey and Hazelton, Pennsylvania, together with the Group's interest in Multiplastics (Europe) Limited.

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

## Reynolds Group Holdings Limited

### Notes to the interim unaudited condensed financial statements For the three and nine month periods ended September 30, 2011

#### 1. Reporting entity

Reynolds Group Holdings Limited (the “Company”) is a company domiciled in New Zealand and registered under the Companies Act 1993.

The interim unaudited condensed financial statements of the Company as of and for the three and nine month periods ended September 30, 2011 comprise the Company and its subsidiaries and their interests in associates and jointly controlled entities. Collectively, these entities are referred to as the “Group”.

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

The address of the registered office of the Company is c/o: Bell Gully, Level 22, Vero Centre, 48 Shortland Street, Auckland, New Zealand.

#### 2. Basis of preparation

##### *2.1 Statement of compliance*

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

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

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

The interim unaudited condensed financial statements were approved by the Board of Directors (the “Directors”) on February 8, 2012.

##### *2.2 Going concern*

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

The interim unaudited condensed statement of financial position as of September 30, 2011 presents negative equity of \$211.5 million compared to positive equity of \$263.9 million as of December 31, 2010. The movement to negative equity is attributable to the current period loss. The opening total equity has previously been impacted by the Group’s accounting for the common control acquisitions of the Closures segment and Reynolds consumer products business in 2009, and the Evergreen segment and Reynolds foodservice packaging business in 2010. The Group accounts for acquisitions under the common control of its ultimate shareholder, Mr. Graeme Hart, using the carry-over or book value method. Under the carry-over or book value method, the business combinations do not change the historical carrying value of the assets and liabilities of the businesses acquired. The excess of the purchase price over the carrying values of the share capital acquired is recognized as a reduction to equity. As of September 30, 2011, the common control transactions had generated a reduction to equity of \$1,560.9 million.

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**2. Basis of preparation (continued)**

**2.3 Basis of measurement**

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

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

**2.4 Presentation currency**

These interim unaudited condensed financial statements are presented in US dollars (“\$”), which is the Group’s presentation currency.

**2.5 Comparative information**

The valuation of the acquired assets and assumed liabilities from the Pactiv Acquisition was finalized in conjunction with the approval of these financial statements. This resulted in changes to preliminary values of certain assets and liabilities recognized at the date of the Pactiv Acquisition on November 16, 2010. The change in values of certain assets resulted in changes to the depreciation and amortization expenses recognized in the period since acquisition. Refer to note 18 for additional details related to the Pactiv Acquisition. In accordance with the accounting policy as described in note 3.1(a) of the financial statements of the Group for the year ended December 31, 2010, all adjustments on finalization of the purchase accounting have been recognized retrospectively to the acquisition date. The following table reflects certain elements of the previously published Group results of operations and statement of financial position and the revised amounts as a result of this retrospective purchase accounting adjustment:

	<u>As previously reported</u>	<u>Adjustment</u> (In \$ million)	<u>As revised</u>
<b>For the six month period ended June 30, 2011</b>			
Cost of sales . . . . .	(4,264.0)	(13.6)	(4,277.6)
Gross profit . . . . .	946.9	(13.6)	933.3
Profit (loss) before income tax . . . . .	(138.2)	(23.9)	(162.1)
Profit (loss) for the period . . . . .	(88.9)	(14.8)	(103.7)
<b>For the three month period ended March 31, 2011</b>			
Cost of sales . . . . .	(1,917.5)	(6.8)	(1,924.3)
Gross profit . . . . .	450.0	(6.8)	443.2
Profit (loss) before income tax . . . . .	(86.9)	(11.9)	(98.8)
Profit (loss) for the period . . . . .	(46.7)	(7.4)	(54.1)
<b>As of December 31, 2010</b>			
Current assets . . . . .	3,295.9	—	3,295.9
Non-current assets . . . . .	<u>12,875.1</u>	<u>(195.4)</u>	<u>12,679.7</u>
<b>Total assets . . . . .</b>	<b>16,171.0</b>	<b>(195.4)</b>	<b>15,975.6</b>
Current liabilities . . . . .	1,809.0	5.3	1,814.3
Non-current liabilities . . . . .	<u>14,094.5</u>	<u>(197.1)</u>	<u>13,897.4</u>
<b>Total liabilities . . . . .</b>	<b>15,903.5</b>	<b>(191.8)</b>	<b>15,711.7</b>
<b>Net assets . . . . .</b>	<b>267.5</b>	<b>(3.6)</b>	<b>263.9</b>

## Reynolds Group Holdings Limited

### Notes to the interim unaudited condensed financial statements (Continued)

#### 2. Basis of preparation (continued)

The finalization of this purchase accounting has no effect on the Group's statement of cash flows, EBITDA, or Adjusted EBITDA for any period.

In the three month period ended September 30, 2011, the Group made an adjustment to correct an understatement of the pension plan asset for one of the SIG segment's defined benefit pension plans. The understated pension plan asset existed from the date of acquisition of the SIG segment in May 2007. This adjustment reduced net income in the Corporate/Unallocated segment by \$6.0 million in the three and nine month periods ended September 30, 2011, and reduced goodwill by \$53.3 million, increased other non-current assets by \$56.4 million and increased deferred income tax liabilities by \$9.1 million as of September 30, 2011. This adjustment has no effect on the statement of cash flows and no effect on the Group's Adjusted EBITDA for the three and nine month periods ended September 30, 2011, nor any previously reported period. Further, the plan asset understatement did not have a material impact on any current and previously reported financial statements.

#### *2.6 Accounting policies and recently issued accounting pronouncements*

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

#### **Recently Issued Accounting Pronouncements**

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

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

IFRS 10 introduces a new approach to determining which investments should be consolidated and supersedes the requirements of IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation — Special Purpose Entities". Under the requirements of this new standard, the IASB has provided a series of indicators to determine control (replacing the existing hierarchy approach) which requires judgment to be exercised in making the assessment of control. The new standard also introduces the concept of de facto control, provides greater guidance on the assessment of potential voting rights, while also requiring control to be assessed on a continuous basis where changes arise that do not merely result from a change in market conditions.

IFRS 11 overhauls the accounting for joint arrangements (previously known as joint ventures) and directly supersedes IAS 31 "Interests in Joint Ventures" while amending IAS 28 (2011) "Investments in Associates and Joint Ventures". Under the requirements of the new standard, jointly controlled entities are either accounted for (without choice) using the equity or proportional consolidation method (depending if separation can be established legally or through another form), whereas joint ventures (previously referred to as jointly controlled operations and jointly controlled assets) must be accounted for using the proportional consolidation method.

## Reynolds Group Holdings Limited

### Notes to the interim unaudited condensed financial statements (Continued)

#### 2. Basis of preparation (continued)

IFRS 12 combines into a single standard the disclosure requirements for subsidiaries, associates and joint arrangements and unconsolidated structure entities. Under the expanded and new disclosure requirements, information is required to be provided to enable users to evaluate the nature of the risks associated with a reporting entity's interest in other entities and the effect those interests can have on the reporting entity's financial position, performance and cash flow. In addition, the standard introduces new disclosures about unconsolidated structure entities.

IFRS 13 defines the concept of fair value and establishes a framework for measuring fair value, while setting the disclosure requirement for fair value measurement. The new standard focuses on explaining how to measure fair value when required by other IFRS. Prior to the introduction of IFRS 13 there was no single source of guidance on fair value measurement.

The Group is currently evaluating the effects of IFRS 10, IFRS 11, IFRS 12 and IFRS 13 on its financial statements.

On June 16, 2011, the IASB published an amendment to IAS 19 "Employee Benefits," which removes certain options in respect of the accounting for defined benefit post-employment plans, while introducing certain other new measurement and disclosure requirements. Under the requirements of the amended standard, the IASB now requires the immediate recognition of all actuarial gains and losses as a component of other comprehensive income, effectively removing the ability to defer and leave unrecognized those amounts that were previously permitted under the corridor method. In connection with this amendment, the IASB has also provided additional guidance into the level of aggregated disclosure permitted when plans with differing criteria are presented on a consolidated basis, while also revising the basis under which finance costs are to be determined in connection with defined benefit plans. In addition to these changes, the new standard has also introduced further measures to distinguish between short and long-term employee benefits and additional guidance in terms of the recognition of termination benefits.

In addition, on June 16, 2011, the IASB also published an amendment to IAS 1 "Presentation of Financial Statements". Under the requirements of the amended standard, the IASB requires an entity to present amounts recognized in other comprehensive income that the entity expects will be reclassified to the statement of comprehensive income in the future (even if contingent on future events) separately from those amounts that will never be reclassified. In addition, the amendment proposes a change in the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income but allows entities the ability to use other titles.

The requirements of the amended IAS 1 and IAS 19 must be applied to the financial year beginning on or after January 1, 2013, with early adoption permitted. The Group currently accounts for its defined benefit post-employment plans using the corridor method. The Group is currently evaluating the effects of the amendments to IAS 1 and IAS 19 on its financial statements.

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

During 2011, certain interpretations and standards which have not previously been early adopted were mandatory for the Group during the current period. This included improvements to various IFRSs 2010 — various standards (effective for financial reporting periods beginning on or after July 1, 2010 and January 1, 2011). The adoption of this revision to existing standards did not have a material impact on the financial statements of the Group for the three and nine month periods ended September 30, 2011.

## Reynolds Group Holdings Limited

### Notes to the interim unaudited condensed financial statements (Continued)

#### 3. Use of estimates and judgments

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

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

##### *3.1 Impairment of assets*

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

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

###### *(b) Other assets*

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

##### *3.2 Income taxes*

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

##### *3.3 Finalization of provisional acquisition accounting*

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

The determination of fair value of acquired identifiable intangible assets and property, plant and equipment involves a variety of assumptions, including estimates associated with useful lives. As of September 30, 2011, the amounts presented for the acquisitions of Graham Packaging and Dopaco have been

## Reynolds Group Holdings Limited

### Notes to the interim unaudited condensed financial statements (Continued)

#### 3. Use of estimates and judgments (continued)

determined on a provisional basis. The finalization of these valuations may result in the refinement of assumptions that impact not only the recognized value of such assets, but also amortization and depreciation expense. In accordance with the accounting policy described in note 3.1(a) of the annual financial statements of the Group for the year ended December 31, 2010, any adjustments on finalization of the preliminary purchase accounting are recognized retrospectively to the date of acquisition.

##### *3.4 Employee benefits*

During the three month period ended September 30, 2011, the Group announced to certain salaried retirees that it would no longer be offering retiree medical coverage for those over the age of 65. These changes to the retiree medical plans resulted in the recognition of a gain of \$17.6 million during the three month period ended September 30, 2011.

#### 4. Seasonality and Working Capital Fluctuations

The Group's segments, other than Graham Packaging, are impacted by seasonal fluctuations.

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

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

The Closures segment's operations are impacted by moderate seasonal fluctuations. The Closures segment experiences some seasonality as a result of increased consumption of bottled beverages during the summer months. In order to avoid capacity shortfalls in the summer months, the Closures segment's customers typically begin building inventories in advance of the summer season. Therefore, the Closures segment typically experiences a greater level of closure sales in the second and third quarters in the Northern Hemisphere, which represented 82% of total revenue in 2010, and in the fourth and first quarters in the Southern Hemisphere, which represented 18% of total revenue in 2010.

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

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

The Graham Packaging segment's operations historically have not been subject to significant seasonal fluctuations.

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**5. Financial risk management**

**5.1 Financial risk factors**

Exposure to market risk (including currency risk, interest rate risk and commodity prices), credit risk and liquidity risk arises in the normal course of the Group's business. During the nine month period ended September 30, 2011, the Group continued to apply the risk management objectives and policies which were disclosed in the annual financial statements of the Group for the year ended December 31, 2010.

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

**5.2 Liquidity risk**

As described in note 14, during the nine month period ended September 30, 2011, the Group issued the February 2011 Notes and the August 2011 Notes, refinanced the 2009 Credit Agreement, and amended the February 2011 Credit Agreement. As a result of these changes in borrowings, the Group's contractual cash flows related to total borrowings as of September 30, 2011 are as follows:

	<u>Total debt and interest</u>	<u>Less than one year</u>	<u>One to three years</u>	<u>Three to five years</u>	<u>Greater than five years</u>
	(In \$ million)				
<b>September 30, 2011</b> * . . . . .	27,575.9	2,354.0	3,109.2	3,346.5	18,766.2
<b>December 31, 2010</b> * . . . . .	18,342.8	1,025.0	1,952.5	3,247.8	12,117.5

\* The interest rates on the floating rate debt balances have been assumed to be the same as the rates as of September 30, 2011 and December 31, 2010, respectively.

Trade and other payable outstanding balances that are due for payment in less than one year were \$2,014.5 million and \$1,245.8 million as of September 30, 2011 and December 31, 2010, respectively.

There have been no other significant changes in the contractual cash flows of the Group's other financial liabilities. Refer to note 23 for details of changes in borrowings subsequent to September 30, 2011.

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

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

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

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**5. Financial risk management (continued)**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	(In \$ million)			
<b>September 30, 2011</b>				
<b>Financial assets and liabilities at fair value through profit or loss</b>				
Derivative financial assets/(liabilities)				
Commodity derivatives, net . . . . .	—	(14.0)	—	(14.0)
Embedded derivatives . . . . .	—	<u>46.4</u>	—	<u>46.4</u>
<b>Total . . . . .</b>	<b>—</b>	<b><u>32.4</u></b>	<b>—</b>	<b><u>32.4</u></b>
<b>December 31, 2010</b>				
<b>Financial assets and liabilities at fair value through profit or loss</b>				
Derivative financial assets/(liabilities)				
Commodity derivatives, net . . . . .	—	10.7	—	10.7
Embedded derivatives . . . . .	—	<u>86.9</u>	—	<u>86.9</u>
<b>Total . . . . .</b>	<b>—</b>	<b><u>97.6</u></b>	<b>—</b>	<b><u>97.6</u></b>

There were no transfers between any levels during the nine month period ended September 30, 2011. There have been no changes in the classifications of financial assets as a result of a change in the purpose or use of these assets.

**6. Segment reporting**

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

The Group’s CODM are the officers and Directors of the Company. Information reported to the Group’s CODM for the purposes of resource allocation and assessment of segment performance is focused on six business segments that exist within the Group. The Group’s reportable business segments under IFRS 8 are as follows:

- **SIG Combibloc** — SIG Combibloc is a manufacturer and supplier of a broad range of aseptic carton packaging solutions. They are designed to retain the taste and nutritional value of beverages and liquid food, without the use of chemical preservatives, even when stored for months without refrigeration. Its business is the supply of aseptic carton packaging systems, which include aseptic filling machines, aseptic cartons, spouts and closures.
- **Evergreen** — Evergreen is a manufacturer of fresh carton packaging for beverage products, primarily serving the juice and milk markets. Evergreen supplies integrated fresh carton packaging systems, which include fresh cartons, spouts and filling machines. In addition, Evergreen manufactures liquid packaging board for beverage carton manufacturers and paper products for commercial printing.
- **Closures** — Closures is principally engaged in the design, manufacture and distribution of plastic and aluminum closures as well as capping systems primarily for the beverage industry. It also provides its customers with capping equipment and machinery as well as associated technical support and training.
- **Reynolds Consumer Products** — Reynolds Consumer Products is principally engaged in the manufacture and distribution of household products which are marketed under well recognized brands including Reynolds® and Hefty®. The segment also manufactures private label products under the Presto® product line, which is a leading supplier of store brand plastic storage and waste management

## Reynolds Group Holdings Limited

### Notes to the interim unaudited condensed financial statements (Continued)

#### 6. Segment reporting (continued)

products. Prior to the Pactiv acquisition (refer to note 18), the Reynolds Consumer Products segment consisted solely of the Group's Reynolds consumer products business.

- Pactiv Foodservice — Pactiv Foodservice is a manufacturer of foodservice and food packaging products. Pactiv Foodservice offers a range of products including tableware items, takeout service containers, clear rigid-display packaging, microwaveable containers, cups, foam trays, dual-ovenable paperboard containers, molded fiber egg cartons, meat and poultry trays, plastic film and aluminum containers. Prior to the Pactiv and Dopaco acquisitions (refer to note 18), the Pactiv Foodservice segment consisted solely of the Group's Reynolds foodservice packaging business.
- Graham Packaging — Graham Packaging designs, manufactures and sells custom blow molded plastic containers for branded consumer products, such as hot-fill juices, sports drinks/isotonics, yogurt drinks, liquid fabric care, dish detergents, hair care, skin care and certain other products measured by volume. Graham Packaging was acquired on September 8, 2011 (refer to note 18).

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

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

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

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

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**6. Segment reporting (continued)**

**Business segment reporting**

	For the three month period ended September 30, 2011							
	SIG Combibloc	Evergreen	Closures	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Corporate / unallocated*	Total
	(In \$ million)							
Total external revenue . . . . .	512.2	404.5	352.1	612.4	931.2	256.1	—	3,068.5
Total inter-segment revenue . . . . .	<u>—</u>	<u>13.1</u>	<u>3.3</u>	<u>13.1</u>	<u>9.8</u>	<u>—</u>	<u>(39.3)</u>	<u>—</u>
<b>Total segment revenue . . . . .</b>	<b>512.2</b>	<b>417.6</b>	<b>355.4</b>	<b>625.5</b>	<b>941.0</b>	<b>256.1</b>	<b>(39.3)</b>	<b>3,068.5</b>
Gross profit . . . . .	98.4	66.3	59.0	143.6	152.2	4.0	(2.5)	521.0
Expenses and other income . . . . .	(60.2)	(13.8)	(26.8)	(77.4)	(103.0)	(27.9)	16.9	(292.2)
Share of profit of associates and joint ventures . . . . .	<u>4.4</u>	<u>0.5</u>	<u>(0.1)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4.8</u>
<b>Earnings before interest and tax (“EBIT”) . . . . .</b>	<b>42.6</b>	<b>53.0</b>	<b>32.1</b>	<b>66.2</b>	<b>49.2</b>	<b>(23.9)</b>	<b>14.4</b>	<b>233.6</b>
Financial income . . . . .								5.7
Financial expenses . . . . .								<u>(522.1)</u>
<b>Loss before income tax . . . . .</b>								<b>(282.8)</b>
Income tax benefit . . . . .								<u>3.6</u>
<b>Loss after income tax . . . . .</b>								<b><u>(279.2)</u></b>
<b>Earnings before interest and tax (“EBIT”) . . . . .</b>	<b>42.6</b>	<b>53.0</b>	<b>32.1</b>	<b>66.2</b>	<b>49.2</b>	<b>(23.9)</b>	<b>14.4</b>	<b>233.6</b>
Depreciation and amortization . . . . .	<u>67.3</u>	<u>15.0</u>	<u>20.0</u>	<u>38.3</u>	<u>75.0</u>	<u>25.6</u>	<u>—</u>	<u>241.2</u>
<b>Earnings before interest, tax, depreciation and amortization (“EBITDA”) . . . . .</b>	<b>109.9</b>	<b>68.0</b>	<b>52.1</b>	<b>104.5</b>	<b>124.2</b>	<b>1.7</b>	<b>14.4</b>	<b>474.8</b>

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

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**6. Segment reporting (continued)**

	For the three month period ended September 30, 2011							
	SIG Combibloc	Evergreen	Closures	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Corporate / unallocated*	Total
	(In \$ million)							
<b>Earnings before interest, tax, depreciation, and amortization (“EBITDA”) . . . . .</b>	<b>109.9</b>	<b>68.0</b>	<b>52.1</b>	<b>104.5</b>	<b>124.2</b>	<b>1.7</b>	<b>14.4</b>	<b>474.8</b>
Included in EBITDA:								
Asset impairment charges . . . . .	—	—	—	—	4.0	—	—	<b>4.0</b>
Business acquisition and integration costs . . . . .	—	—	—	2.7	14.7	1.0	1.7	<b>20.1</b>
Business interruption costs . . . . .	2.3	—	—	—	—	—	—	<b>2.3</b>
Change of control payments . . . . .	—	—	—	—	—	12.2	—	<b>12.2</b>
Equity method (profit)/ losses not distributed in cash . . . . .	(2.8)	(0.4)	0.1	—	—	—	—	<b>(3.1)</b>
Gain from modification of retiree medical plan benefits . . . . .	—	—	—	—	—	—	(17.6)	<b>(17.6)</b>
Impact of purchase price accounting on inventory and leases . . . . .	—	—	—	—	(0.4)	26.4	—	<b>26.0</b>
Non-cash pension expense (income) . . . . .	—	—	—	0.7	0.9	—	(7.3)	<b>(5.7)</b>
Operational process engineering-related consultancy costs . . . . .	—	—	—	9.8	3.2	—	0.5	<b>13.5</b>
Restructuring costs/(recoveries) . . . . .	(0.2)	—	2.4	1.5	7.6	—	0.8	<b>12.1</b>
SEC registration costs . . . . .	—	—	—	—	—	—	0.7	<b>0.7</b>
Unrealized loss on derivatives . . . . .	—	1.1	2.0	13.4	1.7	—	—	<b>18.2</b>
VAT and custom duties on historical imports . . . . .	<u>5.6</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u><b>5.6</b></u>
<b>Adjusted earnings before interest, tax, depreciation and amortization  (“Adjusted EBITDA”) . . . . .</b>	<b><u>114.8</u></b>	<b><u>68.7</u></b>	<b><u>56.6</u></b>	<b><u>132.6</u></b>	<b><u>155.9</u></b>	<b><u>41.3</u></b>	<b><u>(6.8)</u></b>	<b><u>563.1</u></b>

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

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**6. Segment reporting (continued)**

For the nine month period ended September 30, 2011								
	SIG Combibloc	Evergreen	Closures	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Corporate / unallocated*	Total
(In \$ million)								
Total external revenue . . . . .	1,498.3	1,167.9	1,016.7	1,807.6	2,532.8	256.1	—	8,279.4
Total inter-segment revenue . . . . .	—	29.2	8.9	43.6	26.0	—	(107.7)	—
<b>Total segment revenue . . . . .</b>	<b>1,498.3</b>	<b>1,197.1</b>	<b>1,025.6</b>	<b>1,851.2</b>	<b>2,558.8</b>	<b>256.1</b>	<b>(107.7)</b>	<b>8,279.4</b>
Gross profit . . . . .	308.8	160.8	161.1	426.6	395.6	4.0	(2.6)	1,454.3
Expenses and other income . . . . .	(184.1)	(43.2)	(68.7)	(213.6)	(307.9)	(27.9)	(13.1)	(858.5)
Share of profit of associates and joint ventures . . . . .	12.2	1.4	(0.1)	—	—	—	—	13.5
<b>Earnings before interest and tax (“EBIT”) . . . . .</b>	<b>136.9</b>	<b>119.0</b>	<b>92.3</b>	<b>213.0</b>	<b>87.7</b>	<b>(23.9)</b>	<b>(15.7)</b>	<b>609.3</b>
Financial income . . . . .								31.6
Financial expenses . . . . .								(1,085.8)
<b>Loss before income tax . . . . .</b>								<b>(444.9)</b>
Income tax benefit . . . . .								62.0
<b>Loss after income tax . . . . .</b>								<b>(382.9)</b>
<b>Earnings before interest and tax (“EBIT”) . . . . .</b>	<b>136.9</b>	<b>119.0</b>	<b>92.3</b>	<b>213.0</b>	<b>87.7</b>	<b>(23.9)</b>	<b>(15.7)</b>	<b>609.3</b>
Depreciation and amortization . . . . .	193.2	44.3	58.4	112.0	214.3	25.6	—	647.8
<b>Earnings before interest, tax, depreciation and amortization (“EBITDA”) . . . . .</b>	<b>330.1</b>	<b>163.3</b>	<b>150.7</b>	<b>325.0</b>	<b>302.0</b>	<b>1.7</b>	<b>(15.7)</b>	<b>1,257.1</b>

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

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**6. Segment reporting (continued)**

	For the nine month period ended September 30, 2011							
	SIG Combibloc	Evergreen	Closures	Reynolds Consumer Products	Pactiv Foodservice	Graham Packaging	Corporate / unallocated*	Total
	(In \$ million)							
<b>Earnings before interest, tax, depreciation and amortization (“EBITDA”) . . . . .</b>	<b>330.1</b>	<b>163.3</b>	<b>150.7</b>	<b>325.0</b>	<b>302.0</b>	<b>1.7</b>	<b>(15.7)</b>	<b>1,257.1</b>
Included in EBITDA:								
Asset impairment charges . . . . .	4.4	—	—	—	6.1	—	—	10.5
Business acquisition and integration costs . . . . .	—	—	—	2.7	27.1	1.0	25.2	56.0
Business interruption costs/(recoveries) . . . . .	2.3	—	0.4	(0.8)	—	—	—	1.9
Change of control payments . . . . .	—	—	—	—	—	12.2	—	12.2
Equity method (profit)/losses not distributed in cash . . . . .	(7.0)	(1.4)	0.1	—	—	—	—	(8.3)
Gain from modification of retiree medical plan benefits . . . . .	—	—	—	—	—	—	(17.6)	(17.6)
Gain on sale of businesses . . . . .	—	—	(5.2)	—	—	—	—	(5.2)
Impact of purchase price accounting on inventories and leases . . . . .	—	—	—	—	4.4	26.4	—	30.8
Non-cash pension expense (income) . . . . .	—	—	—	2.2	2.9	—	(35.9)	(30.8)
Non-cash inventory charge . . . . .	—	—	—	1.2	2.4	—	—	3.6
Operational process engineering-related consultancy costs . . . . .	—	—	—	19.2	11.9	—	3.0	34.1
Restructuring costs/(recoveries) . . . . .	0.7	(0.1)	3.3	10.9	46.2	—	18.6	79.6
SEC registration costs . . . . .	—	—	—	—	—	—	1.6	1.6
Unrealized (gain)/loss on derivatives . . . . .	(0.2)	0.4	0.9	21.8	2.1	—	—	25.0
VAT and customs duties on historical imports . . . . .	5.6	—	—	—	—	—	—	5.6
<b>Adjusted earnings before interest, tax, depreciation and amortization (“Adjusted EBITDA”) . . . . .</b>	<b>335.9</b>	<b>162.2</b>	<b>150.2</b>	<b>382.2</b>	<b>405.1</b>	<b>41.3</b>	<b>(20.8)</b>	<b>1,456.1</b>
<b>Segment assets as of September 30, 2011 . . . . .</b>	<b>3,233.2</b>	<b>1,342.8</b>	<b>1,788.6</b>	<b>1,945.6</b>	<b>890.4</b>	<b>3,809.8</b>	<b>9,603.7</b>	<b>22,614.1</b>

\* Corporate/unallocated includes holding companies and certain debt issuer companies which support the entire Group and which are not part of a specific segment. It also includes eliminations of transactions and balances between segments. In addition, as of September 30, 2011, it includes \$8,334.5 million of assets related to the businesses acquired in the Pactiv Acquisition that have not yet been allocated between the Reynolds Consumer Products and Pactiv Foodservice segments. The Group has finalized the total valuation of the assets and liabilities related to the Pactiv Acquisition (refer to note 18) and is in the process of allocating the acquired assets between the Pactiv Foodservice and Reynolds Consumer Products segments. While the statement of financial position data has not been allocated, the Reynolds Consumer Products and Pactiv Foodservice segment results include the contribution from the relative Pactiv businesses for the nine month period ended September 30, 2011. Corporate/unallocated also includes \$2,006.5 million of provisional goodwill related to the Graham Packaging Acquisition (refer to note 18) that have not yet been allocated to the operating segments.

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**6. Segment reporting (continued)**

	For the three month period ended September 30, 2010						
	SIG Combibloc	Evergreen	Closures	Reynolds Consumer Products	Pactiv Foodservice	Corporate / unallocated*	Total
	(In \$ million)						
Total external revenue . . . . .	467.9	408.8	318.3	280.4	136.4	—	1,611.8
Total inter-segment revenue . . . . .	—	—	2.1	10.6	21.7	(34.4)	—
<b>Total segment revenue . . . . .</b>	<b>467.9</b>	<b>408.8</b>	<b>320.4</b>	<b>291.0</b>	<b>158.1</b>	<b>(34.4)</b>	<b>1,611.8</b>
Gross profit . . . . .	125.8	63.2	60.3	68.6	11.9	(0.2)	329.6
Expenses and other income . . . . .	(60.9)	(12.4)	(24.0)	(5.4)	(10.8)	(2.2)	(115.7)
Share of profit of associates and joint ventures . . .	3.2	0.6	—	—	—	—	3.8
<b>Earnings before interest and tax (“EBIT”) . . . . .</b>	<b>68.1</b>	<b>51.4</b>	<b>36.3</b>	<b>63.2</b>	<b>1.1</b>	<b>(2.4)</b>	<b>217.7</b>
Financial income . . . . .							79.4
Financial expenses . . . . .							(180.3)
<b>Profit before income tax . . . . .</b>							<b>116.8</b>
Income tax expense . . . . .							(35.8)
Profit after income tax . . . . .							<b>81.0</b>
<b>Earnings before interest and tax (“EBIT”) . . . . .</b>	<b>68.1</b>	<b>51.4</b>	<b>36.3</b>	<b>63.2</b>	<b>1.1</b>	<b>(2.4)</b>	<b>217.7</b>
Depreciation and amortization . . . . .	59.7	15.6	19.1	11.4	7.1	—	112.9
<b>Earnings before interest, tax, depreciation and amortization (“EBITDA”) . . . . .</b>	<b>127.8</b>	<b>67.0</b>	<b>55.4</b>	<b>74.6</b>	<b>8.2</b>	<b>(2.4)</b>	<b>330.6</b>
Included in EBITDA:							
Adjustment related to settlement of a lease obligation . . . . .	—	—	—	(1.6)	—	—	(1.6)
Black Liquor Credit . . . . .	—	(0.3)	—	—	—	—	(0.3)
Business acquisition and integration costs . . . . .	—	0.2	—	—	—	—	0.2
Equity method profit not distributed in cash . . . .	(2.3)	(0.6)	—	—	—	—	(2.9)
Gain on sale of investment properties . . . . .	(1.7)	—	—	—	—	—	(1.7)
Operational process engineering-related consultancy costs . . . . .	—	0.6	—	0.2	—	—	0.8
Restructuring costs/(recoveries) . . . . .	2.2	—	0.8	(1.1)	(0.1)	—	1.8
Unrealized (gain)/loss on derivatives . . . . .	0.2	1.3	(0.5)	(16.7)	(1.1)	—	(16.8)
<b>Adjusted earnings before interest, tax, depreciation and amortization (“Adjusted EBITDA”) . . . . .</b>	<b>126.2</b>	<b>68.2</b>	<b>55.7</b>	<b>55.4</b>	<b>7.0</b>	<b>(2.4)</b>	<b>310.1</b>

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

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**6. Segment reporting (continued)**

	For the nine month period ended September 30, 2010						
	SIG Combibloc	Evergreen	Closures	Reynolds Consumer Products	Pactiv Foodservice	Corporate / unallocated*	Total
	(In \$ million)						
Total external revenue . . . . .	1,326.0	1,173.7	882.9	807.9	406.2	—	4,596.7
Total inter-segment revenue . . . . .	—	—	5.5	32.3	54.1	(91.9)	—
<b>Total segment revenue . . . . .</b>	<b>1,326.0</b>	<b>1,173.7</b>	<b>888.4</b>	<b>840.2</b>	<b>460.3</b>	<b>(91.9)</b>	<b>4,596.7</b>
Gross profit . . . . .	339.6	134.9	145.2	199.0	36.3	—	855.0
Expenses and other income . . . . .	(171.9)	(44.9)	(64.7)	(75.3)	(29.9)	(6.7)	(393.4)
Share of profit of associates and joint ventures . . . . .	11.6	1.6	—	—	—	—	13.2
<b>Earnings before interest and tax (“EBIT”) . . . . .</b>	<b>179.3</b>	<b>91.6</b>	<b>80.5</b>	<b>123.7</b>	<b>6.4</b>	<b>(6.7)</b>	<b>474.8</b>
Financial income . . . . .							16.5
Financial expenses . . . . .							(456.2)
<b>Profit before income tax . . . . .</b>							<b>35.1</b>
Income tax expense . . . . .							(71.1)
<b>Loss after income tax . . . . .</b>							<b>(36.0)</b>
<b>Earnings before interest and tax (“EBIT”) . . . . .</b>	<b>179.3</b>	<b>91.6</b>	<b>80.5</b>	<b>123.7</b>	<b>6.4</b>	<b>(6.7)</b>	<b>474.8</b>
Depreciation and amortization . . . . .	176.8	45.9	58.9	37.4	22.9	—	341.9
<b>Earnings before interest, tax, depreciation and amortization (“EBITDA”) . . . . .</b>	<b>356.1</b>	<b>137.5</b>	<b>139.4</b>	<b>161.1</b>	<b>29.3</b>	<b>(6.7)</b>	<b>816.7</b>

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

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**6. Segment reporting (continued)**

	For the nine month period ended September 30, 2010						
	SIG Combibloc	Evergreen	Closures	Reynolds Consumer Products	Pactiv Foodservice	Corporate / unallocated*	Total
	(In \$ million)						
<b>Earnings before interest, tax, depreciation and amortization (“EBITDA”) . . . . .</b>	<b>356.1</b>	<b>137.5</b>	<b>139.4</b>	<b>161.1</b>	<b>29.3</b>	<b>(6.7)</b>	<b>816.7</b>
Included in EBITDA:							
Adjustment related to settlement of a lease obligation . . . . .	—	—	—	(1.6)	—	—	(1.6)
Asset impairment charges . . . . .	—	—	—	—	5.7	—	5.7
Black Liquor Credit . . . . .	—	(0.3)	—	—	—	—	(0.3)
Business acquisition and integration costs . . . . .	—	1.4	1.0	—	—	2.0	4.4
Business interruption costs . . . . .	—	—	2.1	—	—	—	2.1
CSI Americas gain on acquisition . . . . .	—	—	(9.8)	—	—	—	(9.8)
Equity method profit not distributed in cash . . . . .	(8.7)	(1.6)	—	—	—	—	(10.3)
Gain on sale of businesses . . . . .	—	(2.1)	—	(0.2)	(9.1)	—	(11.4)
Gain on sale of investment property . . . . .	(1.7)	—	—	—	—	—	(1.7)
Operational process engineering-related consultancy costs . . . . .	—	2.6	—	6.4	—	—	9.0
Related party management fees . . . . .	—	0.8	—	—	—	—	0.8
Restructuring costs/(recoveries) . . . . .	9.0	—	1.4	(2.9)	(2.2)	—	5.3
Unrealized (gain)/loss on derivatives . . . . .	0.6	1.9	0.7	(2.2)	(0.6)	—	0.4
VAT and customs duties on historical imports . . . . .	9.3	—	—	—	—	—	9.3
<b>Adjusted earnings before interest, tax, depreciation and amortization (“Adjusted EBITDA”) . . . . .</b>	<b>364.6</b>	<b>140.2</b>	<b>134.8</b>	<b>160.6</b>	<b>23.1</b>	<b>(4.7)</b>	<b>818.6</b>
<b>Segment assets as of December 31, 2010 . . . . .</b>	<b>3,439.3</b>	<b>1,256.6</b>	<b>1,739.1</b>	<b>1,763.0</b>	<b>404.6</b>	<b>7,373.0</b>	<b>15,975.6</b>

\* Corporate/unallocated includes holding companies and certain debt issuer companies which support the entire Group and which are not part of a specific segment. It also includes eliminations of transactions and balances between segments. In addition, as of December 31, 2010 it includes \$8,149.8 million of assets related to the businesses acquired in the Pactiv Acquisition that were not allocated between the Reynolds Consumer Products and Pactiv Foodservice segments.

Reynolds Group Holdings Limited

Notes to the interim unaudited condensed financial statements (Continued)

7. Other income

	Note	For the three month period ended September 30,		For the nine month period ended September 30,	
		2011	2010	2011	2010
(In \$ million)					
Adjustment related to settlement of a lease obligation . . . . .		—	1.6	—	1.6
CSI Americas gain on acquisition . . . . .	18	—	—	—	9.8
Gain on disposal of property, plant and equipment . . . . .		—	0.7	—	—
Gain on sale of businesses . . . . .		—	—	5.2	11.4
Gain on sale of investment properties . . . . .		—	1.7	—	1.7
Gain on sale of non-current assets . . . . .		—	1.1	0.3	1.1
Income from facility management . . . . .		3.0	0.3	8.7	0.9
Net foreign currency exchange gain . . . . .		—	—	—	—
Rental income from investment properties . . . . .		1.8	1.5	5.2	5.0
Royalty income . . . . .		2.0	0.3	3.2	1.6
Sale of by-products . . . . .		8.2	7.1	22.9	19.0
Unrealized gains on derivatives . . . . .		—	16.8	—	—
Other . . . . .		<u>9.7</u>	<u>6.6</u>	<u>22.3</u>	<u>19.9</u>
<b>Total other income . . . . .</b>		<b><u>24.7</u></b>	<b><u>37.7</u></b>	<b><u>67.8</u></b>	<b><u>72.0</u></b>

8. Other expenses

	Note	For the three month period ended September 30,		For the nine month period ended September 30,	
		2011	2010	2011	2010
(In \$ million)					
Asset impairment charges . . . . .		(4.0)	—	(10.5)	(5.7)
Business acquisition costs . . . . .		(3.5)	(0.2)	(31.4)	(4.4)
Business integration costs . . . . .		(15.0)	—	(23.0)	—
Business interruption costs . . . . .		(2.3)	—	(1.9)	(2.1)
Net foreign currency exchange loss . . . . .		(3.3)	(5.8)	(10.7)	(3.9)
Operational process engineering-related consultancy costs . . . . .		(13.5)	(0.8)	(34.1)	(9.0)
Related party management fees . . . . .	17	—	—	—	(0.8)
Restructuring costs . . . . .		(12.1)	(1.8)	(79.6)	(5.3)
SEC registration costs . . . . .		(0.7)	—	(1.6)	—
Unrealized losses on derivatives . . . . .		(18.2)	—	(25.0)	(0.4)
VAT and custom duties on historical imports . . . . .		(5.6)	—	(5.6)	(9.3)
Other . . . . .		<u>—</u>	<u>(0.5)</u>	<u>(0.9)</u>	<u>(1.1)</u>
<b>Total other expenses . . . . .</b>		<b><u>(78.2)</u></b>	<b><u>(9.1)</u></b>	<b><u>(224.3)</u></b>	<b><u>(42.0)</u></b>

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**9. Financial income and expenses**

	Note	For the three month period ended September 30,		For the nine month period ended September 30,	
		2011	2010	2011	2010
(In \$ million)					
Interest income . . . . .		1.5	1.2	4.7	3.5
Interest income on related party loans . . . . .	17	4.2	4.3	11.9	13.0
Net foreign currency exchange gain (loss) . . . . .		—	73.9	15.0	—
<b>Financial income</b> . . . . .		<b>5.7</b>	<b>79.4</b>	<b>31.6</b>	<b>16.5</b>
Interest expense:					
August 2011 Credit Agreement . . . . .		(45.5)	—	(90.3)	—
2009 Credit Agreement . . . . .		—	(33.6)	(29.0)	(84.0)
August 2011 Notes . . . . .		(30.7)	—	(30.7)	—
February 2011 Notes . . . . .		(37.8)	—	(100.8)	—
October 2010 Notes . . . . .		(60.5)	—	(181.5)	—
May 2010 Notes . . . . .		(22.2)	(20.7)	(65.2)	(34.5)
2009 Notes . . . . .		(37.9)	(34.9)	(110.8)	(99.6)
2007 Notes . . . . .		(27.7)	(26.7)	(82.6)	(77.4)
Pactiv 2012 Notes . . . . .		(3.7)	—	(11.1)	—
Pactiv 2017 Notes . . . . .		(6.1)	—	(18.3)	—
Pactiv 2018 Notes . . . . .		(0.3)	—	(0.9)	—
Pactiv 2025 Notes . . . . .		(5.5)	—	(16.5)	—
Pactiv 2027 Notes . . . . .		(4.2)	—	(12.6)	—
Graham Packaging 2014 Notes . . . . .		(2.9)	—	(2.9)	—
Graham Packaging 2017 Notes . . . . .		(1.7)	—	(1.7)	—
Graham Packaging 2018 Notes . . . . .		(1.7)	—	(1.7)	—
CHH Facility . . . . .		—	—	—	(7.6)
Related party borrowings . . . . .	17	(0.2)	—	(0.2)	—
Amortization of:					
Debt issue costs					
August 2011 Credit Agreement . . . . .		(0.7)	—	(1.7)	—
2009 Credit Agreement(a) . . . . .		—	(1.6)	(86.0)	(6.0)
August 2011 Notes . . . . .		(0.7)	—	(0.7)	—
February 2011 Notes . . . . .		(0.6)	—	(1.7)	—
October 2010 Notes . . . . .		(2.4)	—	(7.4)	—
May 2010 Notes . . . . .		(1.0)	(0.1)	(2.4)	(0.8)
2009 Notes . . . . .		(2.0)	(1.7)	(6.2)	(6.3)
2007 Notes . . . . .		(1.1)	(0.7)	(3.2)	(2.8)
Debt commitment letter fees(b)(c) . . . . .		(42.5)	(50.0)	(67.5)	(50.0)
Credit agreement amendment fees . . . . .		(10.7)	(5.6)	(10.7)	(5.6)
Fair value adjustment of acquired notes . . . . .		2.5	—	7.1	—
Original issue discounts(a) . . . . .		(1.1)	(1.5)	(40.1)	(4.3)
Embedded derivatives . . . . .		1.8	0.6	5.1	1.5
Graham Packaging Notes tender offer fees . . . . .		(4.7)	—	(4.7)	—
Net change in fair values of derivatives . . . . .		(24.5)	(2.4)	(95.3)	(9.7)
Net foreign currency exchange gain (loss) . . . . .		(137.3)	—	—	(59.5)
Other . . . . .		(8.5)	(1.4)	(13.6)	(9.6)
<b>Financial expenses</b> . . . . .		<b>(522.1)</b>	<b>(180.3)</b>	<b>(1,085.8)</b>	<b>(456.2)</b>
<b>Net financial expenses</b> . . . . .		<b>(516.4)</b>	<b>(100.9)</b>	<b>(1,054.2)</b>	<b>(439.7)</b>

(a) In February 2011, the 2009 Credit Agreement was repaid in full with the proceeds from the February 2011 Notes as well as proceeds from the February 2011 Credit Agreement. As a result of such repayments, the unamortized debt issuance cost of \$86.0 million and unamortized original issuance discount of \$37.6 million related to the 2009 Credit Agreement were expensed during the nine month period ended September 30, 2011. Refer to note 14 for details of the Group's borrowings.

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**9. Financial income and expenses (continued)**

- (b) A debt commitment letter to fund the Graham Packaging Acquisition (refer to note 18) was initially for an amount up to \$5.0 billion and was subject to certain conditions and adjustments, and resulted in the Group incurring \$67.5 million of fees. The proceeds from the issuance of the August 2011 Notes and drawings under the August 2011 Credit Agreement were used to finance the Graham Packaging Acquisition (refer to note 18). As the commitments under the debt commitment letter were not utilized, the Group expensed \$42.5 million and \$67.5 million of the fees during the three and nine month periods ended September 30, 2011, respectively.
- (c) A debt commitment letter to fund the Pactiv Acquisition was initially for an amount up to \$5.0 billion and was subject to certain conditions and adjustments, and resulted in the Group incurring \$97.5 million of fees. As of September 30, 2010, the Group amended the 2009 Credit Agreement and the commitment under the debt commitment letter was reduced by approximately \$2.0 billion. During the three and nine month periods ended September 30, 2010, the Group expensed \$50.0 million of the fees. Upon issuance of the October 2010 Notes, the commitments under the debt commitment letter were reduced to nil and the Group expensed the remaining \$47.5 million during the fourth quarter of 2010.

**10. Income tax**

	For the three month period ended September 30,		For the nine month period ended September 30,	
	2011	2010	2011	2010
	(In \$ million)			
<b>Reconciliation of effective tax rate</b>				
<b>Profit (loss) before income tax</b> . . . . .	<b>(282.8)</b>	<b>116.8</b>	<b>(444.9)</b>	<b>35.1</b>
Income tax benefit (expense) using the New Zealand tax rate of 28% (2010: 30%) . . . . .	79.2	(35.0)	124.6	(10.5)
Effect of differences of tax rates . . . . .	14.4	(6.9)	43.9	(13.1)
Taxable and non-deductible items . . . . .	(43.7)	0.7	(49.8)	(2.5)
Withholding tax . . . . .	(1.2)	(5.6)	(9.9)	(8.0)
Controlled foreign corporation tax . . . . .	(0.1)	(1.9)	(1.0)	(1.9)
Recognition of previously unrecognized tax losses and temporary differences . . . . .	(5.8)	0.7	1.4	5.0
Current period losses for which no deferred tax asset was recognized . . . . .	(46.4)	13.4	(48.1)	(40.1)
Tax audits and contingencies . . . . .	4.4	—	3.3	—
Other . . . . .	2.8	(1.2)	(2.4)	—
<b>Total income tax benefit (expense)</b> . . . . .	<b><u>3.6</u></b>	<b><u>(35.8)</u></b>	<b><u>62.0</u></b>	<b><u>(71.1)</u></b>

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**11. Inventories**

	<u>As of September 30, 2011</u>	<u>As of December 31, 2010</u>
	(In \$ million)	
Raw materials and consumables . . . . .	553.2	378.8
Work in progress . . . . .	259.5	167.0
Finished goods . . . . .	1,046.1	646.0
Engineering and maintenance materials . . . . .	159.6	145.7
Provision against inventories . . . . .	<u>(67.9)</u>	<u>(56.9)</u>
<b>Total inventories . . . . .</b>	<b><u>1,950.5</u></b>	<b><u>1,280.6</u></b>

During the three and nine month periods ended September 30, 2011, the raw materials elements of inventory recognized as a component of cost of sales totaled \$1,519.1 million and \$4,055.4 million, respectively. During the three and nine month periods ended September 30, 2010, the raw materials elements of inventory recognized as a component of cost of sales totaled \$720.8 million and \$2,048.5 million, respectively.

Purchase price adjustments to inventory charged to cost of sales for the three and nine month periods ended September 30, 2011 totaled \$26.4 million and \$32.0 million, respectively. There were no purchase price adjustments to inventory charged to cost of sales for the three and nine month periods ended September 30, 2010.

**12. Property, plant and equipment**

	<u>Land</u>	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Capital work in progress</u>	<u>Leased assets lessor</u>	<u>Finance leased assets</u>	<u>Total</u>
	(In \$ million)						
Cost . . . . .	257.1	987.2	3,986.0	279.8	312.6	28.0	5,850.7
Accumulated depreciation . . . . .	—	(131.6)	(916.3)	—	(132.9)	(3.8)	(1,184.6)
Accumulated impairment losses . . . . .	<u>(2.1)</u>	<u>(2.8)</u>	<u>(1.8)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(6.7)</u>
<b>Balance as of September 30, 2011 . . . . .</b>	<b><u>255.0</u></b>	<b><u>852.8</u></b>	<b><u>3,067.9</u></b>	<b><u>279.8</u></b>	<b><u>179.7</u></b>	<b><u>24.2</u></b>	<b><u>4,659.4</u></b>
Cost . . . . .	218.2	775.6	2,667.9	200.8	267.9	28.2	4,158.6
Accumulated depreciation . . . . .	—	(82.6)	(686.0)	—	(114.2)	(2.0)	(884.8)
Accumulated impairment losses . . . . .	<u>—</u>	<u>(2.8)</u>	<u>(4.8)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(7.6)</u>
<b>Balance as of December 31, 2010 . . . . .</b>	<b><u>218.2</u></b>	<b><u>690.2</u></b>	<b><u>1,977.1</u></b>	<b><u>200.8</u></b>	<b><u>153.7</u></b>	<b><u>26.2</u></b>	<b><u>3,266.2</u></b>

The total depreciation charge of \$161.7 million and \$428.1 million for the three and nine month periods ended September 30, 2011, respectively, is recognized in the statements of comprehensive income as a component of cost of sales (three month period: \$155.7 million, nine month period: \$410.4 million), selling, marketing and distribution expenses (three month period: \$1.2 million, nine month period: \$3.2 million) and general and administration expenses (three month period: \$4.8 million, nine month period: \$14.5 million). The total depreciation charge of \$71.0 million and \$213.8 million for the three and nine month periods ended September 30, 2010, respectively, is recognized in the statements of comprehensive income as a component of cost of sales (three month period: \$67.9 million, nine month period: \$204.4 million), selling, marketing and distribution expenses (three month period: \$0.8 million, nine month period: \$2.6 million) and general and administration expenses (three month period: \$2.3 million, nine month period: \$6.8 million).

Property, plant and equipment includes \$1,438.0 million in respect of the Graham Packaging Acquisition and \$131.7 million in respect of the Dopaco Acquisition that have been determined on a provisional basis. In conjunction with the approval of these financial statements, the Group finalized the valuation of the property,

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**12. Property, plant and equipment (continued)**

plant and equipment from the Pactiv Acquisition. See note 18 regarding the details of the purchase price allocations and the associated impact on the Group's financial statements.

During the three and nine month periods ended September 30, 2011, \$4.0 million and \$6.1 million, respectively, of impairment charges were recognized (three and nine month periods ended September 30, 2010: nil and nil, respectively), and there were no reversals of previously recognized impairment charges (three and nine month periods ended September 30, 2010: nil and nil, respectively).

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

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

**13. Intangible assets**

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Customer relationships</u>	<u>Technology &amp; software</u>	<u>Other</u>	<u>Total</u>
	(In \$ million)					
Cost . . . . .	6,768.0	2,134.5	3,221.3	899.5	298.7	13,322.0
Accumulated amortization . . . . .	—	(22.5)	(396.1)	(296.4)	(149.9)	(864.9)
Accumulated impairment losses . . . . .	—	—	—	—	(14.9)	(14.9)
<b>Balance as of September 30, 2011 . . . . .</b>	<b><u>6,768.0</u></b>	<b><u>2,112.0</u></b>	<b><u>2,825.2</u></b>	<b><u>603.1</u></b>	<b><u>133.9</u></b>	<b><u>12,442.2</u></b>
Cost . . . . .	4,630.3	1,802.8	2,146.9	534.8	288.3	9,403.1
Accumulated amortization . . . . .	—	(11.5)	(279.8)	(219.1)	(129.9)	(640.3)
Accumulated impairment losses . . . . .	—	—	—	—	(14.9)	(14.9)
<b>Balance as of December 30, 2010 . . . . .</b>	<b><u>4,630.3</u></b>	<b><u>1,791.3</u></b>	<b><u>1,867.1</u></b>	<b><u>315.7</u></b>	<b><u>143.5</u></b>	<b><u>8,747.9</u></b>

The total amortization charge of \$79.5 million and \$218.5 million for the three and nine month periods ended September 30, 2011, respectively, is recognized in the statements of comprehensive income as a component of cost of sales (three month period: \$22.7 million, nine month period: \$64.8 million) and general and administration expenses (three month period: \$56.8 million, nine month period: \$153.7 million). The total amortization charge of \$41.5 million and \$126.3 million for the three and nine month periods ended September 30, 2010, respectively, is recognized in the statements of comprehensive income as a component of cost of sales (three month period: \$18.2 million, nine month period: \$58.6 million) and general and administration expenses (three month period: \$23.3 million, nine month period: \$67.7 million).

Intangible assets include \$3,690.8 million in respect of the Graham Packaging Acquisition and \$251.7 million in respect of the Dopaco Acquisition that have been determined on a provisional basis. In conjunction with the approval of these financial statements, the Group finalized the valuation of the intangible assets from the Pactiv Acquisition. Refer to note 18 regarding the details of the purchase price allocation and associated impact on the Group's financial statements.

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

Goodwill, certain trademarks and certain other identifiable intangible assets are the only intangible assets with indefinite useful lives and are therefore not subject to amortization. Instead, recoverable amounts are calculated annually as well as whenever there is an indication that they may be impaired. There were no indicators of impairment as of September 30, 2011.

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**14. Borrowings**

	<u>Note</u>	<u>As of September 30, 2011</u>	<u>As of December 31, 2010</u>
		(In \$ million)	
August 2011 Credit Agreement(a)(u) . . . . .		246.6	—
2009 Credit Agreement(b)(v) . . . . .		—	135.7
Pactiv 2012 Notes(m)(ac) . . . . .		255.3	—
Graham Packaging 2017 Notes(s)(ad) . . . . .		256.7	—
Graham Packaging 2018 Notes(t)(ad) . . . . .		253.8	—
Non-interest bearing related party borrowings . . . . .	17	0.7	0.7
Other borrowings(ae) . . . . .		<u>22.0</u>	<u>4.5</u>
<b>Current borrowings</b> . . . . .		<b><u>1,035.1</u></b>	<b><u>140.9</u></b>
August 2011 Credit Agreement(a)(u) . . . . .		4,316.8	—
2009 Credit Agreement(b)(v) . . . . .		—	3,890.5
August 2011 Senior Secured Notes(c)(w) . . . . .		1,467.6	—
August 2011 Senior Notes(d)(w) . . . . .		972.0	—
February 2011 Senior Secured Notes(e)(x) . . . . .		999.1	—
February 2011 Senior Notes(f)(x) . . . . .		993.2	—
October 2010 Senior Secured Notes(g)(y) . . . . .		1,471.8	1,470.2
October 2010 Senior Notes(h)(y) . . . . .		1,465.4	1,463.8
May 2010 Notes(i)(z) . . . . .		980.0	977.6
2009 Notes(j)(aa) . . . . .		1,665.7	1,647.6
2007 Senior Notes(k)(ab) . . . . .		633.5	620.7
2007 Senior Subordinated Notes(l)(ab) . . . . .		553.7	542.3
Pactiv 2012 Notes(m)(ac) . . . . .		—	260.9
Pactiv 2017 Notes(n)(ac) . . . . .		314.4	315.9
Pactiv 2018 Notes(o)(ac) . . . . .		16.3	16.4
Pactiv 2025 Notes(p)(ac) . . . . .		269.7	269.5
Pactiv 2027 Notes(q)(ac) . . . . .		197.1	197.0
Graham Packaging 2014 Notes(r)(ad) . . . . .		366.6	—
Related party borrowings . . . . .	17	23.7	—
Other borrowings(ae) . . . . .		<u>31.1</u>	<u>29.3</u>
<b>Non-current borrowings</b> . . . . .		<b><u>16,737.7</u></b>	<b><u>11,701.7</u></b>
<b>Total borrowings</b> . . . . .		<b><u>17,772.8</u></b>	<b><u>11,842.6</u></b>

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**14. Borrowings (continued)**

	<u>As of September 30, 2011</u>	<u>As of December 31, 2010</u>
	(In \$ million)	
(a) August 2011 Credit Agreement (current and non-current) . . . . .	4,650.0	—
Transaction costs . . . . .	(66.8)	—
Original issue discount . . . . .	(19.8)	—
<b>Carrying amount.</b> . . . . .	<b>4,563.4</b>	<b>—</b>
(b) 2009 Credit Agreement (current and non-current) . . . . .	—	4,149.8
Transaction costs . . . . .	—	(86.0)
Original issue discount . . . . .	—	(37.6)
<b>Carrying amount.</b> . . . . .	<b>—</b>	<b>4,026.2</b>
(c) August 2011 Senior Secured Notes . . . . .	1,500.0	—
Transaction costs . . . . .	(33.8)	—
Original issue discount . . . . .	(10.8)	—
Embedded derivative . . . . .	12.2	—
<b>Carrying amount.</b> . . . . .	<b>1,467.6</b>	<b>—</b>
(d) August 2011 Senior Notes . . . . .	1,000.0	—
Transaction costs . . . . .	(27.5)	—
Original issue discount . . . . .	(6.7)	—
Embedded derivative . . . . .	6.2	—
<b>Carrying amount.</b> . . . . .	<b>972.0</b>	<b>—</b>
(e) February 2011 Senior Secured Notes . . . . .	1,000.0	—
Transaction costs . . . . .	(15.2)	—
Embedded derivative . . . . .	14.3	—
<b>Carrying amount.</b> . . . . .	<b>999.1</b>	<b>—</b>
(f) February 2011 Senior Notes . . . . .	1,000.0	—
Transaction costs . . . . .	(17.5)	—
Embedded derivative . . . . .	10.7	—
<b>Carrying amount.</b> . . . . .	<b>993.2</b>	<b>—</b>
(g) October 2010 Senior Secured Notes . . . . .	1,500.0	1,500.0
Transaction costs . . . . .	(36.4)	(38.5)
Embedded derivative . . . . .	8.2	8.7
<b>Carrying amount.</b> . . . . .	<b>1,471.8</b>	<b>1,470.2</b>
(h) October 2010 Senior Notes . . . . .	1,500.0	1,500.0
Transaction costs . . . . .	(43.6)	(45.8)
Embedded derivative . . . . .	9.0	9.6
<b>Carrying amount.</b> . . . . .	<b>1,465.4</b>	<b>1,463.8</b>
(i) May 2010 Notes . . . . .	1,000.0	1,000.0
Transaction costs . . . . .	(28.3)	(31.4)
Embedded derivative . . . . .	8.3	9.0
<b>Carrying amount.</b> . . . . .	<b>980.0</b>	<b>977.6</b>
(j) 2009 Notes . . . . .	1,734.0	1,723.3
Transaction costs . . . . .	(61.8)	(69.3)
Original issue discount . . . . .	(17.8)	(19.0)
Embedded derivative . . . . .	11.3	12.6
<b>Carrying amount.</b> . . . . .	<b>1,665.7</b>	<b>1,647.6</b>
(k) 2007 Senior Notes . . . . .	649.6	638.2
Transaction costs . . . . .	(16.1)	(17.5)
<b>Carrying amount.</b> . . . . .	<b>633.5</b>	<b>620.7</b>
(l) 2007 Senior Subordinated Notes . . . . .	568.4	558.4
Transaction costs . . . . .	(14.7)	(16.1)
<b>Carrying amount.</b> . . . . .	<b>553.7</b>	<b>542.3</b>
(m) Pactiv 2012 Notes . . . . .	249.3	249.3
Fair value adjustment at acquisition . . . . .	6.0	11.6
<b>Carrying amount.</b> . . . . .	<b>255.3</b>	<b>260.9</b>
(n) Pactiv 2017 Notes . . . . .	299.7	299.7
Fair value adjustment at acquisition . . . . .	14.7	16.2
<b>Carrying amount.</b> . . . . .	<b>314.4</b>	<b>315.9</b>
(o) Pactiv 2018 Notes . . . . .	15.7	15.7
Fair value adjustment at acquisition . . . . .	0.6	0.7
<b>Carrying amount.</b> . . . . .	<b>16.3</b>	<b>16.4</b>

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**14. Borrowings (continued)**

	<u>As of September 30, 2011</u>	<u>As of December 31, 2010</u>
	(In \$ million)	
(p) Pactiv 2025 Notes . . . . .	276.4	276.4
Fair value adjustment at acquisition . . . . .	(6.7)	(6.9)
<b>Carrying amount</b> . . . . .	<b>269.7</b>	<b>269.5</b>
(q) Pactiv 2027 Notes . . . . .	200.0	200.0
Fair value adjustment at acquisition . . . . .	(2.9)	(3.0)
<b>Carrying amount</b> . . . . .	<b>197.1</b>	<b>197.0</b>
(r) Graham Packaging 2014 Notes . . . . .	354.5	—
Fair value adjustment at acquisition . . . . .	5.4	—
Embedded derivative . . . . .	6.7	—
<b>Carrying amount</b> . . . . .	<b>366.6</b>	—
(s) Graham Packaging 2017 Notes . . . . .	253.4	—
Fair value adjustment at acquisition . . . . .	2.7	—
Embedded derivative . . . . .	0.6	—
<b>Carrying amount</b> . . . . .	<b>256.7</b>	—
(t) Graham Packaging 2018 Notes . . . . .	250.0	—
Fair value adjustment at acquisition . . . . .	1.9	—
Embedded derivative . . . . .	1.9	—
<b>Carrying amount</b> . . . . .	<b>253.8</b>	—

**(u) August 2011 Credit Agreement**

The Company and certain members of the Group are parties to an amended and restated senior secured credit agreement dated August 9, 2011 (the “August 2011 Credit Agreement”), which amended and restated the terms of the February 2011 Credit Agreement (as defined below). The August 2011 Credit Agreement comprises the following term and revolving tranches:

	<u>Maturity Date</u>	<u>Original Facility Value</u>	<u>Value drawn or utilized at September 30, 2011</u>	<u>Applicable interest rate for the nine month period ended September 30, 2011</u>
	(In million)			
<i>Term Tranches</i>				
Tranche B Term Loan \$(1) . . . . .	February 9, 2018	2,325.0	2,313.4	4.25% - 6.50%
Tranche C Term Loan (\$) . . . . .	August 9, 2018	2,000.0	2,000.0	6.50%
European Term Loan (€) . . . . .	February 9, 2018	250.0	248.8	5.00% - 6.75%
<i>Revolving Tranches (2)</i>				
\$ Revolving Tranche . . . . .	November 5, 2014	120.0	77.2	—
€ Revolving Tranche . . . . .	November 5, 2014	€ 80.0	€ 22.0	—

- (1) In connection with the August 2011 Credit Agreement, the US Term Loans under the February 2011 Credit Agreement were redesignated as “Tranche B Term Loans”.
- (2) The Revolving Tranches were utilized in the form of bank guarantees and letters of credit.

On September 8, 2011, \$2,000.0 million of incremental term loans were drawn under the August 2011 Credit Agreement. These proceeds, together with the proceeds of the August 2011 Notes (as defined below) and available cash of the Group, were used to finance the Graham Packaging Acquisition (refer to note 18) and to pay related fees and expenses.

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

## Reynolds Group Holdings Limited

### Notes to the interim unaudited condensed financial statements (Continued)

#### 14. Borrowings (continued)

Notes, the October 2010 Senior Secured Notes, the February 2011 Senior Secured Notes and the August 2011 Senior Secured Notes (each as defined below and together the “Secured Notes”). Graham Packaging Holdings Company and its subsidiaries (the “Graham Group”) have not guaranteed the August 2011 Credit Agreement or granted security to support the obligations under the August 2011 Credit Agreement.

Indebtedness under the August 2011 Credit Agreement may be voluntarily repaid in whole or in part, subject to a 1% prepayment premium in the case of refinancings and certain pricing amendments within specified timeframes, and must be mandatorily repaid in certain circumstances. The borrowers also make quarterly amortization payments of 0.25% of the original outstanding principal in respect of the term loans. Commencing the quarter ending December 31, 2011, additional principal amortization payments of \$200.0 million per year will be payable for so long as certain members of the Graham Group do not guarantee the August 2011 Credit Agreement.

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

As of September 30, 2011, the Group was in compliance with all of its covenants.

#### *(v) February 2011 Credit Agreement and 2009 Credit Agreement*

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

#### *(w) August 2011 Notes*

On August 9, 2011, Reynolds Group Issuer LLC, Reynolds Group Issuer Inc. and Reynolds Group Issuer (Luxembourg) S.A., (together the “Reynolds Issuers”) issued \$1,500.0 million principal amount of 7.875% senior secured notes due 2019 (the “August 2011 Senior Secured Notes”) and \$1,000.0 million principal amount of 9.875% senior notes due 2019 (the “August 2011 Senior Notes” and together with the August 2011 Senior Secured Notes, the “August 2011 Notes”). Interest on the August 2011 Notes is paid semi-annually on February 15 and August 15 each year, commencing February 15, 2012.

#### *(x) February 2011 Notes*

On February 1, 2011, the Reynolds Issuers issued \$1,000.0 million principal amount of 6.875% senior secured notes due 2021 (the “February 2011 Senior Secured Notes”) and \$1,000.0 million principal amount of 8.250% senior notes due 2021 (the “February 2011 Senior Notes” and together with the February 2011 Senior

## Reynolds Group Holdings Limited

### Notes to the interim unaudited condensed financial statements (Continued)

#### 14. Borrowings (continued)

Secured Notes, the “February 2011 Notes”). Interest on the February 2011 Notes is paid semi-annually on February 15 and August 15 each year.

##### *(y) October 2010 Notes*

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

##### *(z) May 2010 Notes*

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

##### *(aa) 2009 Notes*

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

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

The shares in Beverage Packaging Holdings (Luxembourg) I S.A. (“BP I”) (a wholly owned subsidiary of the Company) have been pledged as collateral to support the obligations under the August 2011 Credit Agreement and the Secured Notes. In addition, BPI and certain subsidiaries of BPI have pledged certain of their assets (including shares and equity interests) as collateral to support the obligations under the August 2011 Credit Agreement and the Secured Notes.

##### *Terms Governing the Notes*

As used herein “Notes” refers to the August 2011 Notes, the February 2011 Notes, the October 2010 Notes, the May 2010 Notes and the 2009 Notes.

##### *Certain Guarantee and Security Arrangements*

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

Certain guarantors have granted security over certain of their assets to support the obligations under the Secured Notes. This security is expected to be shared on a first priority basis with the creditors under the August 2011 Credit Agreement.

##### *Notes Indentures Restrictions*

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

## Reynolds Group Holdings Limited

### Notes to the interim unaudited condensed financial statements (Continued)

#### 14. Borrowings (continued)

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

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

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

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

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

The respective registration rights agreements for the Notes require the relevant filing to be effective within 12 months from the issuance of the Notes. If this does not occur, the Reynolds Issuers are required to pay additional interest of up to a maximum of 1.00% per annum. Additional interest on the 2009 Notes commenced on November 5, 2010 and ended on November 5, 2011. Additional interest on the May 2010 Notes commenced on May 4, 2011 and ends on May 4, 2012. Additional interest on the October 2010 Notes commenced on October 15, 2011 and ends on October 15, 2012. For the three and nine month periods ended September 30, 2011, the Group expensed additional interest of \$4.1 million and \$8.6 million, respectively, related to the 2009 Notes and \$1.0 million and \$1.4 million, respectively, related to the May 2010 Notes. At September 30, 2011, the accrued additional interest related to these series of notes was \$7.5 million.

##### *(ab) 2007 Notes*

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

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

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

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

## Reynolds Group Holdings Limited

### Notes to the interim unaudited condensed financial statements (Continued)

#### 14. Borrowings (continued)

##### *(ac) Pactiv Notes*

As of September 30, 2011 and December 31, 2010, the Group had outstanding:

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

(together, the “Pactiv Notes”).

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

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

The Pactiv Notes are not guaranteed by any member of the Group and are unsecured.

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

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

##### *(ad) Graham Packaging Notes*

As of September 30, 2011 the Group had outstanding:

- \$354.5 million in principal amount of 9.875% senior subordinated notes due 2014, which were issued by Graham Packaging Company L.P. and GPC Capital Corp. I (the “Graham Issuers”) (the “Graham Packaging 2014 Notes”);
- \$253.4 million in principal amount of 8.250% senior notes due 2017, which were issued by the Graham Issuers (the “Graham Packaging 2017 Notes”); and
- \$250.0 million in principal amount of 8.250% senior notes due 2018, which were issued by the Graham Issuers (the “Graham Packaging 2018 Notes”),

(together, the “Graham Packaging Notes”).

## Reynolds Group Holdings Limited

### Notes to the interim unaudited condensed financial statements (Continued)

#### 14. Borrowings (continued)

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

- on the Graham Packaging 2014 Notes, April 15 and October 15;
- on the Graham Packaging 2017 Notes, January 1 and July 1; and
- on the Graham Packaging 2018 Notes, April 1 and October 1.

The Graham Packaging Notes are guaranteed by certain members of the Graham Group and are unsecured.

The respective indentures governing the Graham Packaging Notes all contain customary covenants which restrict the Graham Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets, making restricted payments and entering into certain transactions with affiliates (which would include transactions with members of the Group that are not members of the Graham Group), in each case except as permitted under the respective indentures governing the Graham Packaging Notes.

The Graham Packaging 2017 Notes and the Graham Packaging 2018 Notes may be redeemed at any time at the Graham Group's option, in whole or in part at a redemption price equal to 100% of the principal amount thereof plus any accrued and unpaid interest to the date of the redemption plus a premium. The Graham Packaging 2014 Notes may be redeemed at any time at the Graham Group's option, in whole or in part at a redemption price equal to (i) from October 15, 2011 through October 14, 2012, 101.646% of the outstanding principal of amount thereof; and (ii) thereafter, 100% of the outstanding principal amount thereof; plus, in each case, any accrued and unpaid interest to the date of redemption.

Following the closing of the Graham Packaging Acquisition, the Graham Issuers launched a change of control offer on September 16, 2011 (the "Change of Control Offer") to re-purchase for cash any or all of the Graham Packaging 2017 Notes and the Graham Packaging 2018 Notes pursuant to the respective indentures governing such notes. Accordingly, these are presented as current borrowings as of September 30, 2011. Subsequent to September 30, 2011, \$470.4 million principal amount was repaid and \$33.0 million was reclassified to non-current borrowings.

#### *(ae) Other borrowings*

As of September 30, 2011, in addition to the August 2011 Credit Agreement, the Notes, the 2007 Notes, the Pactiv Notes and the Graham Packaging Notes, the Group had a number of unsecured working capital facilities extended to certain operating companies of the Group. These facilities bear interest at floating or fixed rates.

As of September 30, 2011, the Group had local working capital facilities in a number of jurisdictions which are secured by the collateral under the August 2011 Credit Agreement, the Secured Notes and certain other assets. The local working capital facilities which are secured by the collateral under the August 2011 Credit Agreement and the Secured Notes rank pari passu with the obligations under the August 2011 Credit Agreement and the Secured Notes. As of September 30, 2011, the secured facilities were utilized in the amount of \$24.2 million (December 31, 2010: \$3.3 million) in the form of short-term bank overdrafts, letters of credit and bank guarantees.

Other borrowings as of September 30, 2011 also included finance lease obligations of \$28.9 million (December 31, 2010: \$28.2 million).

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**15. Provisions**

	<u>Legal</u>	<u>Warranty</u>	<u>Restructuring</u>	<u>Workers' compensation</u>	<u>Other</u>	<u>Total</u>
	(In \$ million)					
Current . . . . .	5.9	13.7	40.9	25.7	23.8	110.0
Non-current . . . . .	<u>32.3</u>	<u>—</u>	<u>2.0</u>	<u>19.1</u>	<u>72.5</u>	<u>125.9</u>
<b>Balance as of September 30, 2011 . . . . .</b>	<b><u>38.2</u></b>	<b><u>13.7</u></b>	<b><u>42.9</u></b>	<b><u>44.8</u></b>	<b><u>96.3</u></b>	<b><u>235.9</u></b>
Current . . . . .	15.5	11.5	17.4	17.2	12.1	73.7
Non-current . . . . .	<u>25.4</u>	<u>—</u>	<u>—</u>	<u>17.6</u>	<u>42.9</u>	<u>85.9</u>
<b>Balance as of December 31, 2010 . . . . .</b>	<b><u>40.9</u></b>	<b><u>11.5</u></b>	<b><u>17.4</u></b>	<b><u>34.8</u></b>	<b><u>55.0</u></b>	<b><u>159.6</u></b>

The finalization of the valuation of the assumed liabilities related to the Pactiv Acquisition resulted in a revision to certain legal and other provisions. Refer to note 18 for details regarding the purchase price allocation and the associated impact on the Group's financial statements.

The Group continued to combine the operations of Pactiv with the Reynolds Consumer Products and Pactiv Foodservice segments. In addition, the operations of Dopaco are being integrated into the Pactiv Foodservice segment. These integrations, as well as other restructuring actions across the Group, have resulted in the recognition of \$12.1 million and \$79.6 million of restructuring expenses for the three and nine month periods ended September 30, 2011, respectively. These restructuring expenses are primarily related to employee severance and have been or will be settled in cash.

The main components of other provisions are lease provisions and environmental remediation provisions. Other provisions at September 30, 2011 included \$26.3 million related to make good obligations with respect to leases acquired as part of the Pactiv Acquisition and \$27.1 million related to environmental remediation programs, of which \$17.7 million was acquired as part of the Graham Packaging Acquisition.

**16. Equity and other comprehensive income**

**16.1 Share capital**

<u>Number of shares</u>	<u>For the</u>	
	<u>Nine month period ended September 30, 2011</u>	<u>Twelve month period ended December 31, 2010</u>
Balance at the beginning of the period . . . . .	111,000,004	111,000,003
Issue of shares . . . . .	<u>—</u>	<u>1</u>
<b>Balance . . . . .</b>	<b><u>111,000,004</u></b>	<b><u>111,000,004</u></b>

All issued ordinary shares are fully paid and have no par value.

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

**Comparative period**

On September 1, 2010, the issued capital of Reynolds Packaging Inc. ("RPI") and Reynolds Packaging International B.V. ("RPIBV") were acquired by entities controlled by the Company. From this date, RPI and RPIBV and their respective subsidiaries are consolidated by the Group.

On May 4, 2010, the issued capital of EPI and Evergreen Packaging International B.V. ("EPIBV") was acquired by entities controlled by the Company. From this date, each of EPI and EPIBV as well as their respective controlled entities are consolidated by the Group.

## Reynolds Group Holdings Limited

### Notes to the interim unaudited condensed financial statements (Continued)

#### 16. Equity and other comprehensive income (continued)

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

##### 16.2 Dividends

There were no dividends declared or paid during the three and nine month periods ended September 30, 2011 by the Company.

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

##### 16.3 Other comprehensive income

During the three and nine month periods ended September 30, 2010, the Group transferred nil and \$48.5 million, respectively, of foreign currency translation reserves which had been previously recognized as a component of other comprehensive income to the profit or loss primarily as a result of the internal restructuring of legal entities within the SIG segment. There were no such transfers during the three and nine month periods ended September 30, 2011.

#### 17. Related parties

##### *Parent and ultimate controlling party*

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

##### *Related party transactions*

The entities, the nature of the relationship and the types of transactions with which the Group entered into related party transactions during the nine month periods ended September 30, 2011 and 2010, are detailed below:

<u>Entity Name</u>	<u>Nature of Relationship</u>	<u>Nature of Transactions</u>
Packaging Holdings Limited	Ultimate parent	Loan payable (c)
BPC Finance (N.Z.) Limited	Common ultimate shareholder	Transfer of tax losses
BPC United States Inc.	Common ultimate shareholder	Management fees, sale of services, trade receivables, sale of property, plant and equipment (d)
Carter Holt Harvey Limited	Common ultimate shareholder	Trade payables, trade receivables, transfer of tax losses, sale and purchase of goods, purchase of Whakatane Mill (e)
Carter Holt Harvey Packaging Pty Limited	Common ultimate shareholder	Trade payables, trade receivables, sale of goods
Carter Holt Harvey Pulp & Paper Limited	Common ultimate shareholder	Trade payables, trade receivables, sale and purchase of goods
Evergreen Packaging New Zealand Limited	Common ultimate shareholder	Trade payables
Evergreen Packaging US	Common ultimate shareholder	Trade payables
Rank Group Investments Limited	Common ultimate shareholder	Transfer of tax losses
Rank Group Limited	Common ultimate shareholder	Trade payables, loan receivable (b), interest income, recharges (f)
Reynolds Consumer Products (NZ) Limited	Common ultimate shareholder	Trade receivables, interest income, repayment of loan
Reynolds Packaging (NZ) Limited	Common ultimate shareholder	Trade payables, dividends paid
Reynolds Packaging Group (NZ) Limited	Common ultimate shareholder	Trade payables
Reynolds Treasury (NZ) Limited	Common ultimate shareholder	Interest income, interest expense, loan payable, loan advanced (g), repayment of loans
SIG Combibloc Obeikan FZ CO	Joint venture	Sale of goods (a)

Reynolds Group Holdings Limited

Notes to the interim unaudited condensed financial statements (Continued)

17. Related parties (continued)

	Transaction values				Balances outstanding as of	
	For the three month period ended		For the nine month period ended		September 30, 2011	December 31, 2010
	September 30,		September 30,			
	2011	2010	2011	2010	2011	2010
	(In \$ million)					
<b>Transactions with the immediate and ultimate parent companies</b>						
Loan payable to ultimate parent(c) . . . . .	—	—	—	(0.1)	(0.7)	(0.7)
<b>Transactions with joint ventures</b>						
Sale of goods(a) . . . . .	32.0	41.8	100.2	88.9	31.0	29.3
<b>Transactions with other related parties</b>						
<b>Trade receivables</b>						
BPC United States Inc. . . . .	—	—	—	—	3.5	1.2
Sale of property, plant and equipment(d) . . . . .	—	—	—	2.7	—	—
Sale of services . . . . .	0.8	—	2.3	—	—	—
Carter Holt Harvey Limited . . . . .	—	—	—	—	—	1.1
Sale of goods . . . . .	0.1	5.1	2.5	13.7	—	—
Carter Holt Harvey Packaging Pty Limited . . . . .	—	—	—	—	—	4.1
Sale of goods . . . . .	0.1	—	4.2	8.4	—	—
Carter Holt Harvey Pulp & Paper Limited . . . . .	—	—	—	—	—	0.4
Sale of goods . . . . .	0.2	—	2.5	—	—	—
Reynolds Consumer Products (NZ) Limited . . . . .	—	—	—	1.4	—	—
Reynolds Treasury (NZ) Limited . . . . .	—	—	—	—	—	—
Interest income . . . . .	—	0.2	—	0.8	—	—
Repayment of loans . . . . .	—	23.9	—	23.9	—	—
<b>Trade payables</b>						
BPC United States Inc. . . . .	—	—	—	—	—	—
Management fees . . . . .	—	—	—	(0.8)	—	—
Carter Holt Harvey Limited . . . . .	—	—	—	—	(0.4)	(1.1)
Purchase of goods . . . . .	(2.3)	0.6	(7.5)	(0.9)	—	—
Purchase of Whakatane Mill(e) . . . . .	—	—	—	(45.8)	—	—
Carter Holt Harvey Packaging Pty Limited . . . . .	—	—	—	—	—	(0.2)
Carter Holt Harvey Pulp and Paper Limited . . . . .	—	—	—	—	(4.4)	(3.4)
Purchase of goods . . . . .	(9.4)	(5.9)	(29.1)	(13.4)	—	—
Evergreen Packaging New Zealand Limited . . . . .	—	—	—	(18.2)	—	—
Evergreen Packaging US . . . . .	—	—	—	(11.4)	—	—
Rank Group Limited . . . . .	—	—	—	—	(112.8)	(9.7)
Recharges(f) . . . . .	(82.3)	(5.2)	(111.0)	(14.0)	—	—
Reynolds Packaging (NZ) Limited . . . . .	—	(43.9)	—	(44.6)	—	(0.6)
Dividends paid . . . . .	—	(39.0)	—	(39.0)	—	—
Reynolds Packaging Group (NZ) Limited . . . . .	—	—	—	(0.4)	—	(0.4)
<b>Loans receivable</b>						
Rank Group Limited(b) . . . . .	—	—	—	—	265.2	255.5
Interest income . . . . .	4.2	3.7	11.9	10.3	—	—
Reynolds Consumer Products (NZ) Limited . . . . .	—	—	—	—	—	—
Interest income . . . . .	—	0.4	—	1.9	—	—
Repayment of loan . . . . .	—	61.1	—	61.1	—	—
<b>Loans payable</b>						
Reynolds Treasury (NZ) Limited . . . . .	—	—	—	—	(23.7)	—
Loan advanced(g) . . . . .	(25.0)	—	(25.0)	—	—	—
Interest expense . . . . .	(0.2)	—	(0.2)	—	—	—
<b>Receivable related to transfer of tax losses to:</b>						
Carter Holt Harvey Limited . . . . .	—	—	—	4.7	4.9	4.9
<b>Payable related to transfer of tax losses to:</b>						
BPC Finance (N.Z.) Limited . . . . .	—	—	—	—	(3.3)	(3.3)
Rank Group Investments Limited . . . . .	—	—	—	—	(1.8)	(1.8)

## Reynolds Group Holdings Limited

### Notes to the interim unaudited condensed financial statements (Continued)

#### 17. Related parties (continued)

- (a) All transactions with joint ventures are conducted on an arm's length basis and are settled in cash. Sales of goods and services are negotiated on a cost-plus basis allowing a margin ranging from 3% to 6%. All amounts are unsecured, non-interest bearing and repayable on demand.
- (b) The loan receivable from Rank Group Limited accrues interest at a rate based on the average three month New Zealand bank bill rate, set quarterly, plus a margin of 3.25%. Interest is only charged or accrued if demanded by the lender. During the nine month period ended September 30, 2011, interest was charged from 5.90% to 6.25% (2010: 5.98% to 6.47%). The advance is unsecured and repayable on demand. This loan is subordinated on terms such that no payments can be made to the Group until the obligations under a senior secured credit facility are repaid in full.
- (c) The loan payable to Packaging Holdings Limited is non-interest bearing, unsecured and repayable on demand.
- (d) On April 29, 2010, Blue Ridge Paper Products Inc. sold land and buildings in Richmond, Virginia, to BPC United States Inc. The consideration paid was the net book value of the assets at the date of sale, being \$2.7 million settled at the date of sale.
- (e) On May 4, 2010, the Group acquired the Whakatane Mill for a purchase price of \$45.6 million (including certain post-closing adjustments in June 2010 and December 2010), being the fair value of the net assets at the date purchased, from Carter Holt Harvey Limited.
- (f) Represents certain costs paid by Rank Group Limited on behalf of the Group that were subsequently recharged to the Group. These costs are primarily related to the Group's financing and acquisition activities.
- (g) On August 23, 2011, the Group borrowed the euro equivalent of \$25.0 million from Reynolds Treasury (NZ) Limited. The loan bears interest at the greater of 2% and the 3 month EURIBOR rate plus 4.875%. The loan is unsecured and the repayment date will be agreed between the parties.

#### 18. Business combinations

##### 18.1 Graham Packaging

On September 8, 2011, the Group acquired 100% of the outstanding shares of Graham Packaging Company Inc. ("Graham Packaging") and units of Graham Packaging Holdings, L.P. for an aggregate purchase price of \$1,796.8 million. The consideration was paid in cash. There is no contingent consideration payable.

Graham Packaging is a leading global supplier of value-added rigid plastic containers for the food, specialty beverage and consumer products markets.

Funding for the purchase of the shares, the repayment of \$1,935.4 million of certain existing indebtedness of Graham Packaging and associated transaction costs was provided through the combination of the \$1,500.0 million principal amount of the August 2011 Senior Secured Notes, a portion of the \$1,000.0 million principal amount of the August 2011 Senior Notes, the \$2,000.0 million principal amount of the August 2011 Credit Agreement and available cash.

The following table provides a summary of the values allocated to assets, liabilities and contingent liabilities as of the date of acquisition. All assets and liabilities have been recognized on a provisional basis. In respect of the preliminary valuations of property, plant and equipment and intangible assets (excluding goodwill), management, with the assistance of third party valuers, is still in the process of reviewing the preliminary valuation reports for these assets. In respect of the other account balances that continue to be recognized on a provisional basis, management is continuing to review the underlying reconciliations and supporting data in respect of certain components of these account balances. The finalization of these

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**18. Business combinations (continued)**

preliminary purchase price allocations will have implications on the measurement of deferred tax assets and liabilities. The preliminary valuations will be finalized no later than September 8, 2012.

	<u>Preliminary values on acquisition</u> (In \$ million)
Cash and cash equivalents . . . . .	145.6
Trade and other receivables . . . . .	337.6
Inventories . . . . .	299.8
Current tax assets . . . . .	3.3
Assets held for sale . . . . .	6.6
Investments in associates . . . . .	1.4
Deferred tax assets . . . . .	7.4
Property, plant and equipment . . . . .	1,438.0
Intangible assets (excluding goodwill) . . . . .	1,678.8
Derivative assets . . . . .	9.4
Other current and non-current assets . . . . .	19.0
Trade and other payables . . . . .	(694.5)
Current tax liabilities . . . . .	(9.8)
Borrowings . . . . .	(2,852.0)
Deferred tax liabilities . . . . .	(405.3)
Provisions and employee benefits . . . . .	<u>(200.5)</u>
<b>Net liabilities acquired . . . . .</b>	<b>(215.2)</b>
Goodwill on acquisition . . . . .	<u>2,012.0</u>
<b>Net assets acquired . . . . .</b>	<b><u>1,796.8</u></b>
Consideration paid in cash . . . . .	1,796.8
Net cash acquired . . . . .	<u>(145.6)</u>
<b>Net cash outflow . . . . .</b>	<b>1,651.2</b>

In undertaking the Group's preliminary evaluation of the allocation of the purchase price, management has taken into consideration a number of market participant factors such as the historical margins achieved by the acquired operations, the contractual terms of certain agreements and in certain more complex areas sought the assistance of third party professionals who have an appropriate level of understanding of market based valuation techniques. These factors will continue to be refined and revised as necessary as management continues to finalize its preliminary assessment.

Acquisition costs of \$1.8 million and \$24.3 million are included in other expenses in the statements of comprehensive income for the three and nine month periods ended September 30, 2011, respectively.

The provisional fair value of trade receivables is \$319.8 million. The gross contractual amount for trade receivables is \$321.5 million, of which \$1.7 million is expected to be uncollectible.

The provisional goodwill recognized on the acquisition was attributable to factors including expected operational and purchasing synergies and an assembled workforce. Goodwill of \$470.8 million is expected to be deductible for income tax purposes.

## Reynolds Group Holdings Limited

### Notes to the interim unaudited condensed financial statements (Continued)

#### 18. Business combinations (continued)

As part of its preliminary assessment of the purchase price accounting for the Graham Packaging Acquisition, management has identified on a preliminary basis the following significant identifiable intangible assets and assessed their preliminary fair value and estimated useful lives as follows:

##### *Trade name*

The Graham Packaging trade name has been valued as a business to business trade name with an indefinite life.

##### *Customer relationships*

Graham Packaging's operations are characterized by contractual arrangements with customers for the supply of finished packaging products. The separately identifiable intangible asset reflects the estimated value that is attributable to the existing contractual arrangements and the value that is expected from the ongoing relationships beyond the existing contractual periods. The preliminary assessment of the average estimated useful life is 17 years.

##### *Technology*

Graham Packaging's operations include certain proprietary knowledge and processes that have been internally developed. The business operates in product categories where customers and end-users value the technology and innovation that Graham Packaging's custom plastic containers offer as an alternative to traditional packaging materials. The preliminary assessment of the useful lives are between 10 and 15 years.

Prior to the acquisition, Graham Packaging reported its results under US GAAP. Accordingly, it is not practical to illustrate the provisional impact that the preliminary fair value adjustments had on the historical acquisition date values of assets and liabilities.

Graham Packaging contributed revenues of \$256.1 million, loss after income tax of \$26.7 million, EBITDA of \$1.7 million to the Group for the period from September 8, 2011 to September 30, 2011. If the acquisition had occurred on January 1, 2011, management estimates that Graham Packaging would have contributed additional revenue of \$2,129.9 million, loss after tax of \$277.0 million, EBITDA of \$43.3 million and Adjusted EBITDA of \$388.1 million.

#### 18.2 Dopaco

On May 2, 2011, the Group acquired 100% of the outstanding shares of Dopaco Inc. and Dopaco Canada Inc. (collectively "Dopaco") for an aggregate purchase price of \$395.2 million, including \$2.9 million working capital adjustment which was settled in October 2011 (the "Dopaco Acquisition"). The consideration was paid in cash. There is no contingent consideration payable. Funding for the purchase consideration was provided through existing cash.

Dopaco is a manufacturer of paper cups and folding cartons for the quick-service restaurant and foodservice industries in the United States and Canada. The new product lines will complement and enhance the Group's existing product lines, allowing it to offer a broader product range and additional customer relationships. Dopaco is included in the Group's Pactiv Foodservice segment.

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**18. Business combinations (continued)**

The following table presents the preliminary values as of May 2, 2011, and any adjustments made to the values through September 30, 2011:

	Provisional values recognized on May 2, 2011(a)	Measurement period adjustments(b) (In \$ million)	Provisional values at September 30, 2011(c)
Cash and cash equivalents . . . . .	2.5	—	2.5
Trade and other receivables* . . . . .	32.9	—	32.9
Assets held for sale . . . . .	2.5	—	2.5
Deferred tax assets* . . . . .	3.8	—	3.8
Inventories* . . . . .	58.4	—	58.4
Property, plant and equipment* . . . . .	151.7	(20.0)	131.7
Intangible assets (excluding goodwill)* . . . . .	15.8	53.1	68.9
Other current and non-current assets* . . . . .	5.6	1.0	6.6
Bank overdrafts . . . . .	(4.4)	—	(4.4)
Trade and other payables* . . . . .	(20.0)	—	(20.0)
Deferred tax liabilities* . . . . .	(31.2)	(11.9)	(43.1)
Provisions and employee benefits* . . . . .	<u>(24.3)</u>	<u>(3.1)</u>	<u>(27.4)</u>
<b>Net assets acquired . . . . .</b>	<b><u>193.3</u></b>	<b><u>19.1</u></b>	<b><u>212.4</u></b>
Goodwill on acquisition* . . . . .	<u>204.8</u>	<u>(22.0)</u>	<u>182.8</u>
<b>Net assets acquired . . . . .</b>	<b><u>398.1</u></b>	<b><u>(2.9)</u></b>	<b><u>395.2</u></b>
Consideration paid in cash . . . . .	398.1	(2.9)	395.2
Net cash acquired . . . . .	<u>1.9</u>	<u>—</u>	<u>1.9</u>
<b>Net cash outflow . . . . .</b>	<b><u>400.0</u></b>	<b><u>(2.9)</u></b>	<b><u>397.1</u></b>

\* Value determined on a provisional basis.

- (a) Represents the preliminary values of assets, liabilities and contingent liabilities recognized on the acquisition date based on estimated fair values.
- (b) The measurement period adjustments related to changes in the fair values of property, plant and equipment, other assets, as well as identifiable intangible assets as the Group continued to revise the valuations of these assets with the third party valuation firms during the quarter ended September 30, 2011. The change in fair values to these assets resulted in an increase to deferred tax liabilities. The depreciation and amortization impact from these provisional changes to fair values has not been retrospectively adjusted to the date of acquisition as the impact is not material.
- (c) Represents the provisional allocation of the purchase price at September 30, 2011. Management is still in the process of reviewing and finalizing balances. In respect of the preliminary valuations of property, plant and equipment and intangible assets (excluding goodwill), management, with the assistance of third party valuers, is still in the process of reviewing the preliminary valuations reports for these assets. In respect of the other account balances that continue to be recognized on a provisional basis, management is continuing to review underlying reconciliations and supporting data in respect of certain components of these account balances. The finalization of these provisional purchase accounting allocations will have implications on the measurement of deferred tax assets and liabilities. Management expects to have the remaining preliminary valuations finalized by December 31, 2011.

The provisional goodwill recognized on the acquisition was attributable mainly to the skill of the acquired business' work force and the synergies expected to be achieved from integrating Dopaco into the Group. None of the goodwill recognized is expected to be deductible for income tax purposes.

## Reynolds Group Holdings Limited

### Notes to the interim unaudited condensed financial statements (Continued)

#### 18. Business combinations (continued)

Dopaco contributed revenues of \$205.7 million, profit after income tax of \$7.3 million, EBITDA of \$11.7 million and Adjusted EBITDA of \$28.1 million to the Group for the period from May 2, 2011 to September 30, 2011. If the acquisition had occurred on January 1, 2011, the Group estimates that Dopaco would have contributed additional revenue of \$152.5 million, profit after tax of \$5.1 million, EBITDA of \$13.6 million and Adjusted EBITDA of \$16.8 million. Acquisition-related costs of \$1.5 million and \$6.1 million are included in other expenses in the statement of comprehensive income for the three and nine month periods ended September 30, 2011, respectively.

#### 18.3 Pactiv Corporation

On November 16, 2010, the Group acquired 100% of the outstanding common stock of Pactiv for a purchase price of \$4,452.0 million (the "Pactiv Acquisition"). The consideration was paid in cash. There is no contingent consideration payable. Funding for the purchase consideration and the refinancing of certain borrowings that were acquired was provided through a combination of additional borrowings, additional equity and existing cash.

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

The operating results of Pactiv's consumer products and foodservice packaging businesses have been combined with the operating results of the Group's Reynolds Consumer Products and Pactiv Foodservice segments, respectively, since the consummation of the Pactiv Acquisition. As the products and systems of these businesses are now integrated within each related segment, the Group is unable to quantify the results of the acquired business on a standalone basis for the three and nine month periods ended September 30, 2011. However, to illustrate the magnitude of the impact that the Pactiv acquisition may have had on the Group's results of operations during the three and nine month periods ended September 30, 2011, the Group has provided certain of Pactiv's results for the comparative prior year periods. For the three month period ended September 30, 2010, Pactiv's revenue, profit from operating activities, EBITDA and Adjusted EBITDA were \$952.2 million, \$119.6 million, \$168.6 million and \$167.9 million, respectively. For the nine month period ended September 30, 2010, Pactiv's revenue, profit from operating activities, EBITDA and Adjusted EBITDA were \$2,716.1 million, \$365.7 million, \$510.8 million and \$489.0 million, respectively. These amounts include IFRS adjustments and will not agree to historically reported Pactiv results as Pactiv reported its results under U.S. GAAP.

The Group finalized the allocation of the purchase price and has reflected this as of the date of acquisition. In undertaking the Group's evaluation of the allocation of the purchase price as of the date of acquisition, management has taken into consideration a number of market participant factors such as the historical margins achieved by the acquired operations, the contractual terms of certain agreements and in certain more complex areas sought the assistance of third party professionals who have an appropriate level of

## Reynolds Group Holdings Limited

### Notes to the interim unaudited condensed financial statements (Continued)

#### 18. Business combinations (continued)

understanding of market based valuation technique. The following table presents the preliminary values previously reported as of November 16, 2010 and the adjustments made to those values.

	Preliminary values recognized on November 16, 2010(a)	Measurement period adjustments(b)	Final purchase price allocations
	(In \$ million)		
Cash and cash equivalents, net of bank overdrafts . . . .	91.3	—	91.3
Trade and other receivables . . . . .	472.3	—	472.3
Current tax assets . . . . .	54.7	(6.4)	48.3
Deferred tax assets . . . . .	26.7	—	26.7
Inventories . . . . .	547.4	—	547.4
Property, plant and equipment . . . . .	1,434.0	(4.9)	1,429.1
Intangible assets (excluding goodwill) . . . . .	3,199.9	(485.2)	2,714.7
Other current and non-current assets . . . . .	59.5	—	59.5
Trade and other payables . . . . .	(419.0)	1.4	(417.6)
Borrowings . . . . .	(1,482.3)	(2.2)	(1,484.5)
Deferred tax liabilities . . . . .	(1,068.6)	192.1	(876.5)
Provisions and employee benefits . . . . .	(1,075.9)	4.6	(1,071.3)
<b>Net assets acquired</b> . . . . .	<b><u>1,840.0</u></b>	<b><u>(300.6)</u></b>	<b><u>1,539.4</u></b>
Non-controlling interests . . . . .	(18.1)	—	(18.1)
Goodwill on acquisition . . . . .	<u>2,630.1</u>	<u>300.6</u>	<u>2,930.7</u>
<b>Net assets acquired</b> . . . . .	<b><u>4,452.0</u></b>	<b><u>—</u></b>	<b><u>4,452.0</u></b>
Consideration paid in cash . . . . .	4,452.0	—	4,452.0
Net cash acquired . . . . .	<u>(91.3)</u>	<u>—</u>	<u>(91.3)</u>
<b>Net cash outflow</b> . . . . .	<b><u>4,360.7</u></b>	<b><u>—</u></b>	<b><u>4,360.7</u></b>

- (a) Represents the preliminary values of assets, liabilities and contingent liabilities recognized on the acquisition date based on estimated fair values, as previously disclosed.
- (b) The measurement period adjustments predominantly relate to finalizing the values and useful lives of separately identifiable intangible assets and the associated deferred tax thereon. Other measurement period adjustments have arisen from finalizing the detailed fixed asset values by plant, completion of prior period income tax returns and the finalization of reviews of balance sheet reconciliations as of the date of acquisition.

The Group identified and measured the separately identifiable intangible assets with the assistance of a third party valuer. The preliminary values attributed to separately identifiable intangible assets were established shortly after the date of acquisition in late November 2010. Given the proximity of the acquisition to year end and the priority of matters such as integrating the businesses and the conversion of Pactiv's accounting and reporting from US GAAP to IFRS, the Group's detailed review, evaluation and finalization of key valuation assumptions occurred during 2011. The Group has verified the reasonableness of all key assumptions, including royalty rates, growth rates, business mix and discount rates. The review process has also involved feedback and further input from a wider range of senior executives. Certain royalty rates and business mix assumptions have been refined to reflect underlying market conditions that existed as of the date of acquisition. In combination this has resulted in a net reduction in the value assigned to separately

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**18. Business combinations (continued)**

identifiable intangible assets, offset by an increase in goodwill. As a result of this review process the Group has also identified that certain preliminary intangible assets that were initially classified as indefinite life are more appropriately classified as finite life. This has resulted in an increase to the Group's amortization expense.

In accordance with IFRS, the measurement period adjustments, and the associated impact on depreciation and amortization, have been retrospectively reflected to the date of acquisition. Refer to note 2.5 for details related to the impact on amounts in the Group's previously published financial statements.

**18.4 Closure Systems International Americas, Inc.**

On February 1, 2010, the Group purchased 100% of the issued capital of Obrist Americas, Inc., a U.S. manufacturer of plastic non-dispensing screw closures for carbonated soft drinks and water containers. Total consideration for the acquisition was \$36.2 million and was paid in cash. The acquired company was subsequently renamed Closure Systems International Americas, Inc. ("CSI Americas"). Refer to the "Acquisitions and disposals of businesses" section included within the interim unaudited condensed statements of cash flows for the nine month period September 30, 2010, for details of the net assets acquired.

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

**19. Business combinations under common control**

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

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

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

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

\* The Group has accounted for the acquisitions under the principles of common control. As a result, the cash acquired as a part of the acquisitions is already included in the Group's cash balance and does not form part of the net cash outflow. Further, the results of operations of the business acquired are included in the statements of comprehensive income from January 31, 2007 for Evergreen and from February 28, 2008 for Reynolds Foodservice.

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**19. Business combinations under common control (continued)**

\*\* In accordance with the Group's accounting policy for acquisitions under common control, the difference between the share capital of the acquired businesses and the consideration paid (which represented the fair value) has been recognized directly in equity as part of other reserves. Differences in the consideration paid at the date of the legal acquisition by the Group of these businesses and those amounts paid when originally acquired by entities under the common control of the ultimate shareholder reflect changes in the relative fair value. Such changes related to value created within these businesses, such as the realization of the cost savings initiatives and operational synergies, combined with the changes within the market in which they operate.

**20. Contingencies**

*Litigation and legal proceedings*

We are party to legal proceedings arising from our operations. We establish reserves for claims and proceedings that constitute a present obligation when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of such obligation can be made. While it is not possible to predict the outcome of any of these matters, based on our assessment of the facts and circumstances now known, we do not believe that any of these matters, individually or in the aggregate, will have a material adverse effect on our financial position, results of operations or cash flows. However, actual outcomes may differ from those expected and could have a material effect on our financial position, results of operations or cash flows in a particular future period.

*Security and guarantee*

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

**21. Assets held for sale**

	<u>As of September 30, 2011</u>	<u>As of December 31, 2010</u>
	(In \$ million)	
Property, plant and equipment . . . . .	53.6	17.8
Investment properties . . . . .	<u>38.7</u>	<u>—</u>
<b>Total assets held for sale . . . . .</b>	<u>92.3</u>	<u>17.8</u>

During the nine month period ended September 30, 2011, the Group decided to sell certain non-current assets, which resulted in nil and \$4.4 million of impairment charges in the three and nine month periods ended September 30, 2011, respectively (three and nine month periods ended September 30, 2010; none and \$5.7 million, respectively). Efforts to dispose of the assets held for sale are currently progressing and are expected to be completed in the next 12 months.

## Reynolds Group Holdings Limited

### Notes to the interim unaudited condensed financial statements (Continued)

#### 22. Condensed consolidating guarantor financial information

Certain of the Group's subsidiaries have guaranteed the Group's obligations under the Notes.

In accordance with Rule 3-10 of Regulation S-X disclosure requirements, the following condensed consolidating financial information presents:

(1) The condensed consolidating statements of financial position as of September 30, 2011 and December 31, 2010 and the related statements of financial performance and cash flows for the three and nine month periods ended September 30, 2011 and September 30, 2010 of:

- a. the Company (the "Parent");
- b. the Reynolds Issuers;
- c. the other guarantor entities;
- d. the non-guarantor entities; and
- e. the Group on a consolidated basis.

(2) Adjustments and elimination entries necessary to consolidate the Company with the Reynolds Issuers, the other guarantor subsidiaries, and the non-guarantor subsidiaries.

The condensed consolidating statement of financial performance and consolidating statement of cash flows for three and nine month periods ended September 30, 2010, and the condensed consolidating statement of financial position at December 31, 2010, have been updated to reflect the current guarantor structure of the Group.

Each guarantor subsidiary is 100% owned by the Company. The Notes are fully and unconditionally guaranteed to the extent permitted by law and subject to certain customary guarantee release provisions set forth in the indentures governing the Notes on a joint and several basis by each guarantor subsidiary. Provided below are condensed statements of financial performance, financial position and cash flows of each of the legal entity groups listed above, together with the condensed statements of financial performance, financial position and cash flows of guarantor and non-guarantor subsidiaries. These have been prepared under the Group's accounting policies which comply with IFRS with the exception of investments in subsidiaries which have been accounted for using the equity method. The guarantor subsidiaries and non-guarantor subsidiaries are each presented on a combined basis. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions. This presentation is consistent with the disclosure requirements of Rule 3-10 of Regulation S-X .

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**22. Condensed consolidating guarantor financial information (continued)**

*Condensed consolidating statement of financial performance*

	For the three month period ended September 30, 2011					Consolidated
	Parent	Reynolds Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	
	(In \$ million)					
Revenue . . . . .	—	—	2,641.3	508.8	(81.6)	3,068.5
Cost of sales . . . . .	—	—	<u>(2,162.1)</u>	<u>(467.0)</u>	<u>81.6</u>	<u>(2,547.5)</u>
<b>Gross profit . . . . .</b>	<b>—</b>	<b>—</b>	<b>479.2</b>	<b>41.8</b>	<b>—</b>	<b>521.0</b>
Other income, other expenses, and share of equity method earnings, net of income tax . . . . .	(282.5)	—	(91.6)	(3.8)	329.2	(48.7)
Selling, marketing and distribution expenses . . . . .	—	—	(71.8)	(25.4)	—	(97.2)
General and administration expenses . . . . .	<u>0.3</u>	<u>(0.3)</u>	<u>(124.2)</u>	<u>(17.3)</u>	<u>—</u>	<u>(141.5)</u>
<b>Profit (loss) from operating activities (“EBIT”) . . .</b>	<b>(282.2)</b>	<b>(0.3)</b>	<b>191.6</b>	<b>(4.7)</b>	<b>329.2</b>	<b>233.6</b>
Financial income . . . . .	3.2	164.9	11.8	28.3	(202.5)	5.7
Financial expenses . . . . .	<u>1.3</u>	<u>(203.3)</u>	<u>(474.4)</u>	<u>(48.2)</u>	<u>202.5</u>	<u>(522.1)</u>
<b>Net financial income (expenses) . . . . .</b>	<b>4.5</b>	<b>(38.4)</b>	<b>(462.6)</b>	<b>(19.9)</b>	<b>—</b>	<b>(516.4)</b>
<b>Profit (loss) before income tax . . . . .</b>	<b>(277.7)</b>	<b>(38.7)</b>	<b>(271.0)</b>	<b>(24.6)</b>	<b>329.2</b>	<b>(282.8)</b>
Income tax benefit (expense) . . . . .	<u>(1.5)</u>	<u>13.2</u>	<u>(8.9)</u>	<u>0.8</u>	<u>—</u>	<u>3.6</u>
<b>Profit (loss) for the period . . . . .</b>	<b><u>(279.2)</u></b>	<b><u>(25.5)</u></b>	<b><u>(279.9)</u></b>	<b><u>(23.8)</u></b>	<b><u>329.2</u></b>	<b><u>(279.2)</u></b>

  

	For the nine month period ended September 30, 2011					Consolidated
	Parent	Reynolds Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	
	(In \$ million)					
Revenue . . . . .	—	—	7,525.4	988.8	(234.8)	8,279.4
Cost of sales . . . . .	—	—	<u>(6,198.3)</u>	<u>(861.6)</u>	<u>234.8</u>	<u>(6,825.1)</u>
<b>Gross profit . . . . .</b>	<b>—</b>	<b>—</b>	<b>1,327.1</b>	<b>127.2</b>	<b>—</b>	<b>1,454.3</b>
Other income, other expenses, and share of equity method earnings, net of income tax . . . . .	(390.5)	—	(200.3)	(1.5)	449.3	(143.0)
Selling, marketing and distribution expenses . . . . .	—	—	(223.4)	(42.7)	—	(266.1)
General and administration expenses . . . . .	<u>(2.0)</u>	<u>(0.3)</u>	<u>(400.4)</u>	<u>(33.2)</u>	<u>—</u>	<u>(435.9)</u>
<b>Profit (loss) from operating activities (“EBIT”) . .</b>	<b>(392.5)</b>	<b>(0.3)</b>	<b>503.0</b>	<b>49.8</b>	<b>449.3</b>	<b>609.3</b>
Financial income . . . . .	12.7	465.8	28.9	87.2	(563.0)	31.6
Financial expenses . . . . .	<u>—</u>	<u>(574.2)</u>	<u>(957.0)</u>	<u>(117.6)</u>	<u>563.0</u>	<u>(1,085.8)</u>
<b>Net financial income (expenses) . . . . .</b>	<b>12.7</b>	<b>(108.4)</b>	<b>(928.1)</b>	<b>(30.4)</b>	<b>—</b>	<b>(1,054.2)</b>
<b>Profit (loss) before income tax . . . . .</b>	<b>(379.8)</b>	<b>(108.7)</b>	<b>(425.1)</b>	<b>19.4</b>	<b>449.3</b>	<b>(444.9)</b>
Income tax benefit (expense) . . . . .	<u>(3.1)</u>	<u>37.5</u>	<u>43.3</u>	<u>(15.7)</u>	<u>—</u>	<u>62.0</u>
<b>Profit (loss) for the period . . . . .</b>	<b><u>(382.9)</u></b>	<b><u>(71.2)</u></b>	<b><u>(381.8)</u></b>	<b><u>3.7</u></b>	<b><u>449.3</u></b>	<b><u>(382.9)</u></b>

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**22. Condensed consolidating guarantor financial information (continued)**

*Condensed consolidating statement of financial position*

	Balance as of September 30, 2011					Consolidated
	Parent	Reynolds Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	
	(In \$ million)					
<b>Assets</b>						
Cash and cash equivalents . . . . .	0.8	17.7	846.1	181.4	—	1,046.0
Trade and other receivables . . . . .	4.9	—	1,100.3	491.5	—	1,596.7
Inventories . . . . .	—	—	1,509.9	440.6	—	1,950.5
Intra-group receivables . . . . .	—	270.6	—	31.0	(301.6)	—
Other assets . . . . .	—	—	177.9	42.2	—	220.1
<b>Total current assets . . . . .</b>	<b>5.7</b>	<b>288.3</b>	<b>3,634.2</b>	<b>1,186.7</b>	<b>(301.6)</b>	<b>4,813.3</b>
Investments in subsidiaries, associates and joint ventures (equity method) . . . . .	—	—	2,552.7	117.7	(2,550.3)	120.1
Property, plant and equipment . . . . .	—	—	2,898.3	1,761.1	—	4,659.4
Investment properties . . . . .	—	—	26.0	—	—	26.0
Intangible assets . . . . .	—	—	8,785.4	3,656.8	—	12,442.2
Intra-group receivables . . . . .	16.1	10,031.6	2,195.4	1,330.5	(13,573.6)	—
Other assets . . . . .	265.2	42.9	194.3	50.7	—	553.1
<b>Total non-current assets . . . . .</b>	<b>281.3</b>	<b>10,074.5</b>	<b>16,652.1</b>	<b>6,916.8</b>	<b>(16,123.9)</b>	<b>17,800.8</b>
<b>Total assets . . . . .</b>	<b>287.0</b>	<b>10,362.8</b>	<b>20,286.3</b>	<b>8,103.5</b>	<b>(16,425.5)</b>	<b>22,614.1</b>
<b>Liabilities</b>						
Trade and other payables . . . . .	11.3	270.6	1,182.3	550.3	—	2,014.5
Borrowings . . . . .	0.7	—	503.7	530.7	—	1,035.1
Intra-group payables . . . . .	—	—	301.6	—	(301.6)	—
Other liabilities . . . . .	3.6	—	408.3	111.6	—	523.5
<b>Total current liabilities . . . . .</b>	<b>15.6</b>	<b>270.6</b>	<b>2,395.9</b>	<b>1,192.6</b>	<b>(301.6)</b>	<b>3,573.1</b>
Borrowings . . . . .	—	10,014.8	5,165.1	1,557.8	—	16,737.7
Intra-group liabilities . . . . .	504.5	6.8	11,377.8	2,189.0	(14,078.1)	—
Other liabilities . . . . .	—	(31.0)	1,851.0	694.8	—	2,514.8
<b>Total non-current liabilities . . . . .</b>	<b>504.5</b>	<b>9,990.6</b>	<b>18,393.9</b>	<b>4,441.6</b>	<b>(14,078.1)</b>	<b>19,252.5</b>
<b>Total liabilities . . . . .</b>	<b>520.1</b>	<b>10,261.2</b>	<b>20,789.8</b>	<b>5,634.2</b>	<b>(14,379.7)</b>	<b>22,825.6</b>
<b>Net assets (liabilities) . . . . .</b>	<b>(233.1)</b>	<b>101.6</b>	<b>(503.5)</b>	<b>2,469.3</b>	<b>(2,045.8)</b>	<b>(211.5)</b>
<b>Equity</b>						
Equity attributable to equity holder of the Group . . . . .	(233.1)	101.6	(503.5)	2,469.3	(2,067.4)	(233.1)
Non-controlling interests . . . . .	—	—	—	—	21.6	21.6
<b>Total equity (deficit) . . . . .</b>	<b>(233.1)</b>	<b>101.6</b>	<b>(503.5)</b>	<b>2,469.3</b>	<b>(2,045.8)</b>	<b>(211.5)</b>

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**22. Condensed consolidating guarantor financial information (continued)**

*Condensed consolidating statement of cash flows*

	For the nine month period ended September 30, 2011					Consolidated
	Parent	Reynolds Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	
	(In \$ million)					
<b>Net cash from operating activities</b> . . . . .	—	(317.3)	58.0	74.1	348.4	163.2
<b>Net cash from investing activities</b> . . . . .	—	(4,133.9)	(4,309.4)	(9.6)	6,065.0	(2,387.9)
Included in investing activities:						
Acquisition of property, plant and equipment and investment properties . . . . .	—	—	(261.5)	(75.1)	—	(336.6)
Proceeds from sale of property, plant and equipment, investment properties, intangible assets and other assets . . . . .	—	—	13.3	3.8	—	17.1
Acquisition of businesses, net of cash acquired . . . . .	—	—	(2,048.3)	—	—	(2,048.3)
Net related party advances (repayments) . . . . .	—	(4,427.2)	(2,002.7)	(9.3)	6,439.2	—
<b>Net cash from financing activities</b> . . . . .	—	4,444.1	4,568.7	8.7	(6,413.4)	2,608.1
Included in financing activities:						
Drawdown of loans and borrowings . . . . .	—	4,482.2	4,676.2	5.5	—	9,163.9
Repayment of loans and borrowings . . . . .	—	—	(4,180.4)	(1,938.0)	—	(6,118.4)
Payment of liabilities arising from the Graham Packaging Acquisition . . . . .	—	—	(252.1)	—	—	(252.1)
Net related party borrowings (repayments) . . . . .	—	47.1	4,461.5	1,955.6	(6,439.2)	25.0
Payment of transaction costs . . . . .	—	(85.2)	(123.6)	—	—	(208.8)

*Condensed consolidating statement of financial performance*

	For the three month period ended September 30, 2010					Consolidated
	Parent	Reynolds Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	
	(In \$ million)					
Revenue . . . . .	—	—	1,474.2	214.3	(76.7)	1,611.8
Cost of sales . . . . .	—	—	(1,188.0)	(170.9)	76.7	(1,282.2)
<b>Gross profit</b> . . . . .	—	—	286.2	43.4	—	329.6
Other income, other expenses, and share of equity method earnings, net of income tax . . . . .	79.7	—	68.0	0.7	(116.0)	32.4
Selling, marketing and distribution expenses . . . . .	—	—	(44.6)	(5.8)	—	(50.4)
General and administration expenses . . . . .	(1.9)	(0.1)	(88.0)	(3.9)	—	(93.9)
<b>Profit (loss) from operating activities (“EBIT”)</b> . . . . .	77.8	(0.1)	221.6	34.4	(116.0)	217.7
Financial income . . . . .	4.2	67.4	80.9	20.6	(93.7)	79.4
Financial expenses . . . . .	0.3	(60.5)	(188.1)	(25.7)	93.7	(180.3)
<b>Net financial income (expenses)</b> . . . . .	4.5	6.9	(107.2)	(5.1)	—	(100.9)
<b>Profit (loss) before income tax</b> . . . . .	82.3	6.8	114.4	29.3	(116.0)	116.8
Income tax benefit (expense) . . . . .	(1.3)	6.1	(35.7)	(4.9)	—	(35.8)
<b>Profit (loss) for the period</b> . . . . .	<u>81.0</u>	<u>12.9</u>	<u>78.7</u>	<u>24.4</u>	<u>(116.0)</u>	<u>81.0</u>

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**22. Condensed consolidating guarantor financial information (continued)**

	For the nine month period ended September 30, 2010					
	Parent	Reynolds Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	Consolidated
	(In \$ million)					
Revenue . . . . .	—	—	4,218.6	605.9	(227.8)	4,596.7
Cost of sales . . . . .	—	—	(3,485.6)	(483.9)	227.8	(3,741.7)
<b>Gross profit</b> . . . . .	<b>—</b>	<b>—</b>	<b>733.0</b>	<b>122.0</b>	<b>—</b>	<b>855.0</b>
Other income, other expenses, and share of equity method earnings, net of income tax . . . . .	(40.5)	(0.7)	106.0	2.3	(23.9)	43.2
Selling, marketing and distribution expenses . . . . .	—	—	(134.4)	(18.5)	—	(152.9)
General and administration expenses . . . . .	(2.5)	(0.1)	(255.1)	(12.8)	—	(270.5)
<b>Profit (loss) from operating activities (“EBIT”)</b> . . . . .	<b>(43.0)</b>	<b>(0.8)</b>	<b>449.5</b>	<b>93.0</b>	<b>(23.9)</b>	<b>474.8</b>
Financial income . . . . .	10.3	136.6	7.9	81.1	(219.4)	16.5
Financial expenses . . . . .	(0.7)	(154.1)	(435.8)	(85.0)	219.4	(456.2)
<b>Net financial income (expenses)</b> . . . . .	<b>9.6</b>	<b>(17.5)</b>	<b>(427.9)</b>	<b>(3.9)</b>	<b>—</b>	<b>(439.7)</b>
<b>Profit (loss) before income tax</b> . . . . .	<b>(33.4)</b>	<b>(18.3)</b>	<b>21.6</b>	<b>89.1</b>	<b>(23.9)</b>	<b>35.1</b>
Income tax benefit (expense) . . . . .	(2.6)	11.3	(65.0)	(14.8)	—	(71.1)
<b>Profit (loss) for the period</b> . . . . .	<b>(36.0)</b>	<b>(7.0)</b>	<b>(43.4)</b>	<b>74.3</b>	<b>(23.9)</b>	<b>(36.0)</b>

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**22. Condensed consolidating guarantor financial information (continued)**

*Condensed consolidating statement of financial position*

	Balance as of December 31, 2010					Consolidated
	Parent	Reynolds Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	
	(In \$ million)					
<b>Assets</b>						
Cash and cash equivalents . . . . .	0.7	24.8	528.8	109.5	—	663.8
Trade and other receivables . . . . .	4.9	—	984.8	160.5	—	1,150.2
Inventories . . . . .	—	—	1,158.8	121.8	—	1,280.6
Intra-group receivables . . . . .	—	90.4	—	4.4	(94.8)	—
Other assets . . . . .	—	—	185.9	15.4	—	201.3
<b>Total current assets . . . . .</b>	<b><u>5.6</u></b>	<b><u>115.2</u></b>	<b><u>2,858.3</u></b>	<b><u>411.6</u></b>	<b><u>(94.8)</u></b>	<b><u>3,295.9</u></b>
Investments in subsidiaries, associates and joint ventures (equity method) . . . . .	—	—	935.5	106.7	(932.6)	109.6
Property, plant and equipment . . . . .	—	—	2,930.1	336.1	—	3,266.2
Investment properties . . . . .	—	—	67.6	—	—	67.6
Intangible assets . . . . .	—	—	8,598.1	149.8	—	8,747.9
Intra-group receivables . . . . .	15.5	5,595.1	123.2	1,321.6	(7,055.4)	—
Other assets . . . . .	255.5	76.9	128.1	27.9	—	488.4
<b>Total non-current assets . . . . .</b>	<b><u>271.0</u></b>	<b><u>5,672.0</u></b>	<b><u>12,782.6</u></b>	<b><u>1,942.1</u></b>	<b><u>(7,988.0)</u></b>	<b><u>12,679.7</u></b>
<b>Total assets . . . . .</b>	<b><u>276.6</u></b>	<b><u>5,787.2</u></b>	<b><u>15,640.9</u></b>	<b><u>2,353.7</u></b>	<b><u>(8,082.8)</u></b>	<b><u>15,975.6</u></b>
<b>Liabilities</b>						
Trade and other payables . . . . .	9.7	90.4	1,016.8	128.9	—	1,245.8
Borrowings . . . . .	—	—	138.4	2.5	—	140.9
Intra-group payables . . . . .	—	—	94.8	—	(94.8)	—
Other liabilities . . . . .	0.6	—	395.6	31.4	—	427.6
<b>Total current liabilities . . . . .</b>	<b><u>10.3</u></b>	<b><u>90.4</u></b>	<b><u>1,645.6</u></b>	<b><u>162.8</u></b>	<b><u>(94.8)</u></b>	<b><u>1,814.3</u></b>
Borrowings . . . . .	—	5,559.2	4,978.9	1,163.6	—	11,701.7
Intra-group liabilities . . . . .	25.3	2.4	6,924.0	129.0	(7,080.7)	—
Other liabilities . . . . .	—	4.6	2,124.6	66.5	—	2,195.7
<b>Total non-current liabilities . . . . .</b>	<b><u>25.3</u></b>	<b><u>5,566.2</u></b>	<b><u>14,027.5</u></b>	<b><u>1,359.1</u></b>	<b><u>(7,080.7)</u></b>	<b><u>13,897.4</u></b>
<b>Total liabilities . . . . .</b>	<b><u>35.6</u></b>	<b><u>5,656.6</u></b>	<b><u>15,673.1</u></b>	<b><u>1,521.9</u></b>	<b><u>(7,175.5)</u></b>	<b><u>15,711.7</u></b>
<b>Net assets (liabilities) . . . . .</b>	<b><u>241.0</u></b>	<b><u>130.6</u></b>	<b><u>(32.2)</u></b>	<b><u>831.8</u></b>	<b><u>(907.3)</u></b>	<b><u>263.9</u></b>
<b>Equity</b>						
Equity attributable to equity holder of the Group . . . . .	241.0	130.6	(32.2)	831.8	(930.2)	241.0
Non-controlling interests . . . . .	—	—	—	—	22.9	22.9
<b>Total equity (deficit) . . . . .</b>	<b><u>241.0</u></b>	<b><u>130.6</u></b>	<b><u>(32.2)</u></b>	<b><u>831.8</u></b>	<b><u>(907.3)</u></b>	<b><u>263.9</u></b>

Certain items within the comparative information of the condensed consolidating statement of financial position have been reclassified between Other guarantor entities and Adjustments and eliminations.

**Reynolds Group Holdings Limited**

**Notes to the interim unaudited condensed financial statements (Continued)**

**22. Condensed consolidating guarantor financial information (continued)**

*Condensed consolidating statement of cash flows*

	For the nine month period ended September 30, 2010					
	Parent	Reynolds Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	Consolidated
	(In \$ million)					
<b>Net cash from operating activities</b> . . . . .	—	(59.9)	396.2	(20.6)	107.8	423.5
<b>Net cash from investing activities</b> . . . . .	—	(920.1)	(86.8)	32.3	835.9	(138.7)
Included in investing activities:						
Acquisition of property, plant and equipment and investment properties . . . . .	—	—	(149.4)	(41.6)	—	(191.0)
Proceeds from sale of property, plant and equipment, investment properties, intangible assets and other assets . . . . .	—	—	20.0	5.6	—	25.6
Acquisition of businesses, net of cash acquired . . . . .	—	—	(25.4)	—	—	(25.4)
Disposal of businesses, net of cash disposed . . . . .	—	—	32.4	—	—	32.4
Net related party advances (repayments) . . . . .	—	(920.1)	26.8	57.4	835.9	—
<b>Net cash from financing activities</b> . . . . .	—	<u>966.9</u>	<u>(337.8)</u>	<u>(30.2)</u>	<u>(943.7)</u>	<u>(344.8)</u>
Included in financing activities:						
Acquisition of businesses under common control . . . . .	—	—	(1,913.8)	—	—	(1,913.8)
Drawdown of loans and borrowings . . . . .	—	1,000.0	800.0	1.0	—	1,801.0
Repayment of loans and borrowings . . . . .	—	—	(67.3)	(2.6)	—	(69.9)
Net related party borrowings (repayments) . . . . .	—	—	970.4	(26.7)	(943.7)	—
Payment of transaction costs . . . . .	—	(33.1)	(86.4)	—	—	(119.5)

**23. Subsequent events**

*Financing transactions*

On October 20, 2011, principal amounts of \$239.8 million of the Graham Packaging 2017 Notes and \$230.6 million of the Graham Packaging 2018 Notes were purchased pursuant to the Change of Control Offer (refer to note 14). The Group paid a total of \$482.1 million for the payment of principal, accrued interest and the change of control premium for the above notes tendered in the Change of Control Offer.

In January 2012, the Group sold the Pactiv Foodservice laminating operations in Louisville, Kentucky. Cash proceeds from the sale were \$80.0 million (subject to customary post closing working capital adjustments) resulting in an estimated gain on sale of \$60 million.

Other than the items disclosed above, there have been no events subsequent to September 30, 2011 which would require accrual or disclosure in these financial statements.