

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**UNAUDITED CONDENSED COMBINED INTERIM FINANCIAL INFORMATION**  
**AS OF AND FOR EACH OF THE THREE MONTH AND SIX MONTH**  
**PERIODS ENDED JUNE 30, 2007**

## INTRODUCTION

This information is being provided under the terms of the Indenture dated June 29, 2007 for the issuance of €480 million 8% Senior Notes due 2016 (the “senior notes”) and the Indenture dated June 29, 2007 for the issuance of €420 million 9½% Senior Subordinated Notes due 2017 (the “senior subordinated notes” and, together with the senior notes, the “notes”) among Beverage Packaging Holdings (Luxembourg) II S.A., the Initial Guarantors, being Rank Group Holdings Limited, Beverage Packaging Holdings (Luxembourg) I S.A., Beverage Packaging Holdings (Luxembourg) III S.a.r.l, and The Bank of New York as Trustee.

The condensed combined interim financial information contains quarterly and six monthly financial information for Beverage Packaging Holdings (Luxembourg) II S.A. (“BP II” or the “Issuer”); combined with Beverage Packaging Holdings (Luxembourg) I S.A. (“BP I”) and its subsidiaries, including Beverage Packaging Holdings (Luxembourg) III S.a.r.l. (“BP III”) and SIG Holding AG and its subsidiaries (“SIG”). The combined group is collectively referred to as the Beverage Packaging Holdings Group (the “combined Group”).

This unaudited condensed combined interim financial report is a general purpose financial report which has been prepared in accordance with International Accounting Standard, in particular IAS 34 "Interim Financial Reporting," and other authoritative announcements of the International Accounting Standards Board. It is recommended that this interim financial report be read in conjunction with the December 31, 2006 Annual Report of SIG Holding Ltd, which, other than the additional financing described below, represents the primary business operations of the “combined Group” prior to the incorporation of BPI and BP II, and any public announcements by SIG Holding Ltd and its controlled entities during the six month period, available on the website [www.sig.biz](http://www.sig.biz) as well as any public announcements in relation to BP I or BP II on the Irish Stock Exchange website, [www.ise.ie](http://www.ise.ie) and also the Offering Circular issued by BP II.

This condensed combined interim financial report has been prepared under the historical cost convention, except for available for sale financial assets, and financial assets and liabilities (including derivative financial instruments), which are carried at fair value.

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

BP II’s financial statements include the impact of:

- the incorporation of BP II; and
- the issuance of the senior notes and the senior subordinated notes.

BP I’s financial statements include the impact of:

- the incorporation and capitalisation of BP I, including debt drawn down under senior credit facilities (refer to Note 4 of these financial statements);
- the use of proceeds from the issuance of the notes to repay the senior subordinated bridge facility (refer to Note 4 of these financial statements) and reduce the outstanding senior credit facility; and
- the acquisition of SIG by BP III, including the repayment of certain of SIG’s existing indebtedness.

As of June 30, 2007, BP I indirectly through BP III, held 98.3% of SIG’s shares. BP III is currently undertaking a squeeze out of the remaining publicly owned SIG shares. The unaudited combined interim consolidated income statement herein includes the results of SIG from May 11, 2007, being the date on which BP I obtained control of SIG. With regard to the acquisition of SIG, the purchase price allocation reflected as of June 30, 2007 is preliminary and subject to change. In accordance with IFRS, the combined Group has up to 12 months from May 11, 2007 to finalise the amount of fair value of SIG’s identifiable net assets at the date of acquisition.

The information furnished herein reflects all adjustments (including normal recurring accruals and adjustments), which are, in the opinion of management, necessary to fairly state the operating results for the respective periods. However, these operating results are not necessarily indicative of the results expected for the full fiscal year.

The following information is presented in this report:

### PART I:

Unaudited condensed combined interim financial information for the Beverage Packaging Holdings Group for each of the three and six month periods ended June 30, 2007, together with explanatory footnotes;

### PART II:

Unaudited pro forma combined income statements, reflecting the acquisition of SIG, for each of the three and six month periods ended June 30, 2007, and the year ended December 31, 2006, together with explanatory footnotes; and

### PART III:

Management discussion and analysis on the results of the Beverage Packaging Holdings Group for each of the three and six month periods ended June 30, 2007.

As BPI and BP II were both incorporated on May 4, 2007, the financial information presented in this report for the three months and six months ended June 30, 2007 are consistent in both periods.

**BEVERAGE PACKAGING HOLDINGS GROUP**

**PART I – Unaudited condensed combined interim financial information for the Beverage Packaging Holdings Group for each of the three and six month periods ended June 30, 2007.**

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**BEVERAGE PACKAGING HOLDINGS GROUP**  
**UNAUDITED COMBINED INTERIM INCOME STATEMENTS**

<b>(in €millions)</b>		<b>3 months ended June 30, 2007</b>	<b>6 months ended June 30, 2007</b>
	<b>Notes</b>	<b>May 4, 2007* to June 30, 2007</b>	<b>May 4, 2007* to June 30, 2007</b>
Net sales		197	197
Income from associated companies		-	-
Other operating income		5	5
<b>Operating income</b>		<b>202</b>	<b>202</b>
Changes in inventories of finished goods & WIP		2	2
Own work capitalized		3	3
Raw materials, supplies and services		(94)	(94)
Personnel costs		(45)	(45)
Other operating expenses	2	(40)	(40)
<b>Operating profit before depreciation and amortisation (EBITDA)</b>		<b>28</b>	<b>28</b>
Depreciation of property, plant & equipment		(11)	(11)
Amortisation of intangible assets		(3)	(3)
<b>Operating profit/ loss (EBIT)</b>	2	<b>14</b>	<b>14</b>
Financial income		2	2
Financial expense		(35)	(35)
<b>Financial profit / loss</b>		<b>(33)</b>	<b>(33)</b>
<b>Profit/ loss before tax (EBT)</b>		<b>(19)</b>	<b>(19)</b>
Income tax expenses		(4)	(4)
<b>Profit / (loss)</b>		<b>(23)</b>	<b>(23)</b>
Profit attributable to minorities		-	-
<b>Profit/ loss attributable to equity holders</b>		<b>(23)</b>	<b>(23)</b>

\* Being the period from the date of incorporation of BP I and BP II on May 4, 2007

The unaudited combined interim income statement should be read in conjunction with the notes to the unaudited combined interim financial statements set out on pages 8 to 19.

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**UNAUDITED COMBINED INTERIM BALANCE SHEET**

(in €millions)	Notes	As of June 30, 2007*
<b>Assets</b>		
Investment properties		82
Land and buildings		96
Machines, plants and other		182
Leased assets (Lessor)		70
Plants under construction		36
<b>Total property, plant and equipment</b>		<b>466</b>
Goodwill		1,242
Rights to supply		67
Other		8
<b>Total intangible assets</b>		<b>1,317</b>
Interests in associated companies		14
Other financial interests		4
Long-term receivables		27
<b>Total financial assets</b>		<b>45</b>
Deferred tax assets		33
<b>Total non-current assets</b>		<b>1,861</b>
Inventories	3	186
Trade receivables		103
Other receivables		66
Available for sale financial assets		10
Cash & cash equivalents		115
Cash in escrow		35
<b>Total current assets</b>		<b>515</b>
<b>Total assets</b>		<b>2,376</b>
<b>Equity and liabilities</b>		
Share capital	5	405
Retained earnings		(23)
Currency differences		-
<b>Equity attributable to shareholders</b>		<b>382</b>
Minority interests		-
<b>Total equity</b>		<b>382</b>
Deferred tax liabilities		34
Long-term provisions		165
Long-term financial liabilities	4	1,501
<b>Total long-term liabilities</b>		<b>1,700</b>
Advance payments by customer		15
Trade payables		94
Short-term provisions		34
Accruals for contractual obligations to complete		74
Current tax liabilities		16
Other short-term liabilities		61
<b>Total short-term liabilities</b>		<b>294</b>
<b>Total liabilities</b>		<b>1,994</b>
<b>Total equity and liabilities</b>		<b>2,376</b>

\*No comparatives are presented as BP I and BP II were incorporated on May 4, 2007.

The unaudited combined interim balance sheet should be read in conjunction with the notes to the unaudited combined interim financial statements set out on pages 8 to 19.

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**UNAUDITED COMBINED INTERIM STATEMENTS OF CASH FLOW**

(in €millions)	Notes	3 months ended June 30, 2007	6 months ended June 30, 2007
		May 4, 2007* to June 30, 2007	May 4, 2007* to June 30, 2007
<b>Cash flow from operating activities</b>			
EBITDA		28	28
Adjustments for:			
Profit from sale of property plant & equipment (-)		(1)	(1)
Change in net working capital		12	12
Change in provisions		(23)	(23)
Interest paid		(16)	(16)
Income tax paid		(3)	(3)
<b>Total</b>		<b>(3)</b>	<b>(3)</b>
<b>Cash flow from investing activities</b>			
Acquisition of subsidiaries		(1,179)	(1,179)
Acquisition of subsidiaries - escrow		(28)	(28)
Escrow cash held for repurchase of bonds		(7)	(7)
Purchase of property, plant and equipment (-)		(13)	(13)
Sale of property, plant and equipment (+)		3	3
Purchase (-) / sale (+) of intangible assets		(4)	(4)
Decrease (+) in loans		5	5
Purchase of securities		(3)	(3)
Interest on securities		2	2
<b>Total</b>		<b>(1,224)</b>	<b>(1,224)</b>
<b>Cash flow from financing activities</b>			
Drawdown of senior secured debt		1,510	1,510
Senior debt fees paid		(35)	(35)
Proceeds from issue of shares		123	123
Repurchase of SIG bonds		(241)	(241)
Proceeds from issue of high yield notes		900	900
Repayment of senior subordinated bridge facility		(770)	(770)
Repayment of senior debt		(130)	(130)
Debt fees paid		(21)	(21)
Capital decreases		(5)	(5)
Repayment of other borrowings		(2)	(2)
<b>Total</b>		<b>1,329</b>	<b>1,329</b>
<b>Changes in cash and cash equivalents continuing</b>		<b>102</b>	<b>102</b>
<b>Currency translation differences on cash</b>		<b>13</b>	<b>13</b>
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period		115	115

\* Being the period from the date of incorporation of BP I and BP II

The unaudited combined interim statements of cash flow should be read in conjunction with the notes to the unaudited combined interim financial statements set out on pages 8 to 19.

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**UNAUDITED COMBINED INTERIM STATEMENTS OF CHANGES IN EQUITY**

(in €millions)	Note	Share capital	Retained earnings	Currency differences	Equity interest of the Parent	Minority Interest	Total Equity
<b>Three months ended June 30, 2007</b>							
<b>As of May 4, 2007*</b>							
Additional contribution of equity	5	405	-	-	405	-	405
Currency translation differences		-	-	-	-	-	-
<b>Net income / expense recognized directly in equity</b>		-	-	-	-	-	-
Profit / loss of the period		-	(23)	-	(23)	-	(23)
<b>Total recognized income and expense</b>		-	(23)	-	(23)	-	(23)
<b>As of June 30, 2007</b>		405	(23)	-	382	-	382

\* Being the date of incorporation of BP I and BP II.

(in €millions)	Note	Share capital	Retained earnings	Currency differences	Equity interest of the Parent	Minority Interest	Total Equity
<b>Six months ended June 30, 2007</b>							
<b>As of May 4, 2007*</b>							
Additional contribution of equity	5	405	-	-	405	-	405
Currency translation differences		-	-	-	-	-	-
<b>Net income / expense recognized directly in equity</b>		-	-	-	-	-	-
Profit / loss of the period		-	(23)	-	(23)	-	(23)
<b>Total recognized income and expense</b>		-	(23)	-	(23)	-	(23)
<b>As of June 30, 2007</b>		405	(23)	-	382	-	382

\* Being the date of incorporation of BP I and BP II.

The unaudited combined interim statements of changes in equity should be read in conjunction with the notes to the unaudited combined interim financial statements set out on pages 8 to 19.

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**NOTES TO THE UNAUDITED COMBINED INTERIM FINANCIAL STATEMENTS**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES**

The combined Group's significant accounting policies are those that are most important to the portrayal of the combined Group's financial condition and results, and that require management's most difficult, subjective or complex judgments. In many cases, the accounting treatment of a particular transaction is specifically dictated by IFRS with no need for the application of our judgment. In certain circumstances, however, the preparation of consolidated financial statements in conformity with IFRS requires management to use judgment to make certain estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Since this is the combined Group's first reported set of condensed combined interim financial statements, set out below are all of the combined Group's significant accounting policies.

As BP I and BP II were not incorporated until May 4, 2007, and the business was acquired on May 11, 2007, no comparative information is provided in this report.

**(a) Basis of preparation**

The unaudited condensed combined interim financial report is a general purpose financial report which has been prepared in accordance with International Financial Reporting Standards, in particular IAS 34 "Interim Financial Reporting". The unaudited combined interim consolidated financial report does not include full note disclosures of the type normally included in an annual report. It is recommended that this interim financial report be read in conjunction with the SIG December 31, 2006 Annual Report, which, other than the additional financing described in note 4 below, represents the primary business operations of the "combined Group" prior to the incorporation of BPI and BP II, and any public announcements by SIG and its controlled entities or by BP I or BP II during the six months ended June 30, 2007.

The unaudited condensed combined interim financial statements present the combination of the consolidated financial statements of BP I and its subsidiaries including SIG (the "BP I Group") and the financial statements of BP II, being the issuer of the senior notes and the senior subordinated notes. Collectively BP I and BP II are referred to as the "combined Group".

The information furnished herein reflects all adjustments (including normal recurring accruals and adjustments), which are, in the opinion of the Directors, necessary to fairly state the operating results for the respective periods. However, these operating results are not necessarily indicative of the results expected for the full fiscal year.

The accounting policies have been consistently applied by each entity in the combined Group.

The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at the end of each reporting period. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts, the relevant cash flows have not been discounted to their present value.

The unaudited condensed combined interim financial report is presented in Euro, rounded to the nearest million Euro.

**(b) Principles of combination**

The unaudited condensed combined interim financial statements represent the combination of the consolidated financial statements of BP I and its subsidiaries (the "BP I Group", being BP I, BP III and SIG) with those of BP II, a sister company to BP I, being the issuer of the senior notes and the senior subordinated notes. Collectively BP I and BP II are referred to as the "combined Group".

As the financial statements represent the combination of entities that do not have direct shareholdings in each other, consolidated financial statements of BP I Group and BP II cannot be prepared. Consequently, the number of shares and value of issued capital disclosed in the balance sheets represents the aggregation of the issued capital of each of the entities included in the combination.

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

The accounting policies adopted in preparing these general purpose financial statements have been consistently applied by each entity in the combined Group.

**(c) Principles of consolidation**

Subsidiaries are entities over which the parent has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights are fully consolidated. The purchase method of accounting is used to account for the acquisition of subsidiaries. Intercompany transactions, balances and unrealised gains on transactions between BP I Group companies are eliminated. The equity method of accounting is used for associated companies and joint-ventures over which the BPI Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments with a shareholding of less than 20% are reported as other financial interests.

Subsidiaries are fully consolidated from the date on which control is obtained. They are de-consolidated from the date that control ceases.

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**NOTES TO THE UNAUDITED COMBINED INTERIM FINANCIAL STATEMENTS**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Acquisition of businesses**

Upon initial consolidation of a business, its identifiable assets, liabilities and contingent liabilities are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the acquisition over the fair values of the combined Group's share of net assets acquired is recorded as goodwill with indefinite useful life. Goodwill is tested annually for impairment and carried at costs less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

**(e) Accounting for the sale of filling machines**

SIG's Combibloc business involves the supply of a filling system which combines the provision of a filling machine with a committed stream of future revenue from the sale of carton sleeves. Three primary methods are used to supply filling machines to customers. The filling machine may be sold or leased directly to the customer, or may be sold to a third party which then leases it to the customer. The supply of the filling machine will usually be accompanied by a commitment on the part of the customer to purchase carton sleeves for an initial term of five to seven years.

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

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

Revenues are recognised upon the sale of a filling machine to the third party finance company. In the event that the customer becomes insolvent, SIG is obliged to accept the return of the filling machine at a residual price. Under the third party lease method SIG provides a marketing allowance to the customer to offset the additional expense that they incur under the lease from the third party finance company.

**(f) Presentation currency**

The financial statements of the combined Group are presented in Euro ("EUR"), the major trading currency of SIG and the reporting currency of BP I and BP II.

**(g) Foreign currency translation**

Items included in the combined financial statements are measured using the currency of the primary economic environment in which the entity operates (functional currency). Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Resulting currency gains or losses are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

The results and financial position of all the entities within the combined Group that have a functional currency different from the presentation currency of the combined Group are translated into the presentation currency as follows:

Balance sheet items at the closing rate, income statement and cash flows at the average rate. All resulting exchange differences are recognized in equity. Unrealized gains and losses from long-term loans to subsidiaries with equity character are neutralized in the equity.

**(h) Property, plant and equipment**

Land is booked at purchase cost; the other tangible fixed assets at purchase or manufacturing cost less accumulated depreciation. Depreciation is calculated based on useful life using the straight-line method. The estimated useful life is normally 25 to 30 years for factory buildings and 30 to 40 years for office buildings. Machines and installations are depreciated over 3 to 12 years. Government grants are offset against the asset's book value and thereby distributed over the useful life in the form of lower depreciation. Leases of property, plant & equipment that classify as financial lease are capitalized and depreciated over the estimated useful life. Properties which are predominantly rented to third parties are reported as investment properties at acquisition or production cost less accumulated depreciation. The fair value is reported separately. Non-current assets held for sale are measured at fair value.

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**NOTES TO THE UNAUDITED COMBINED INTERIM FINANCIAL STATEMENTS**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Intangible assets**

Goodwill: see Acquisition of businesses. The other intangible assets include acquired patents, licenses and similar rights. Patents and licenses are amortized over a maximum period of 5 years on a straight-line basis. The rights to deliver packaging materials are capitalized and amortized using the straight-line method over the expected useful life of up to 6 years.

**(j) Research and development**

Research costs are charged directly to the income statement. Development costs are recognized as intangible assets if the recognition criteria of IAS 38 “Intangible Assets” are fulfilled.

**(k) Interests in associated companies**

These interests are shown in the balance sheet with the proportionate equity and in the income statement with the proportionate net profit.

**(l) Financial assets**

Financial assets are recognized at trade date and valued at market or fair value. Profits and losses arising from changes in market or fair value are recognized in profit or loss during the period.

**(m) Inventories**

Inventories are measured at the lower of purchase or production cost and net realizable value. The cost of inventories is determined by using the average cost formula. Slow-moving inventories are adjusted in value, and obsolete goods are depreciated. Inventories also include advance payments to suppliers. Manufacturing orders are valued in line with the completed contract method. Advance payments from customers are disclosed as liabilities.

**(n) Receivables**

Receivables are recognized at cost less allowance for bad debt risks.

**(o) Other financial assets (Securities)**

Securities are valued at fair value and comprise marketable shares as well as fixed income investments with a maturity of more than 90 days. Changes in fair value are recognized in the income statement.

**(p) Derivatives**

Derivatives are measured at fair value. Changes in fair value are recognized in the income statement with exception of derivatives that qualify as cash flow hedges; these are recognized in equity.

**(q) Cash and cash equivalents**

Cash and cash equivalents are recognized at market value and comprise cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within short-term financial liabilities.

**(r) Cash in escrow**

Amounts held in escrow for the purchase of shares under ‘squeeze out’ and repurchase of the remaining SIG bonds are presented separately.

**(s) Provisions**

Provisions are recognized when the combined Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

**(t) Taxes**

Accruals are made for all tax obligations at the balance sheet date, regardless of their payment date. In addition, liabilities are recognized for deferred taxes at the current or at the enacted local tax rate on the difference between the values in the consolidated balance sheet and the values in the tax balance sheets of the individual companies. Deferred withholding taxes are only recognized if the retained profits are not reserved for the growth of the combined Group company concerned. Tax-relevant losses carried forward are recognised only to the extent that management judges that it is probable that taxable profit will be available in the near future against which the tax assets can be utilized.

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**NOTES TO THE UNAUDITED COMBINED INTERIM FINANCIAL STATEMENTS**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(u) Pension plans and other long-term commitments for employees:**

Pension obligations under defined benefit plans: The pension obligations and all major defined benefit plans are determined annually by independent insurance experts. The actuarial costs less the employees' contributions are shown in the income statement as personnel expenditures. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions greater than 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives. Other long-term benefits: If the combined Group companies assume long-term benefits such as the costs of medical care for retirees and / or their family members, the costs of those benefits are determined actuarially and accordingly provisions are recognized over the period of service of the employees concerned.

**(v) Revenue recognition**

Revenue comprises the invoiced value for the sale of goods and services net of value-added taxes, rebates and discounts. Revenue is recognized when the significant risks and rewards of ownership of the goods or services are transferred to the buyer.

**(w) Impairment of assets**

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses are immediately recognized in the income statement.

**(x) Judgements made by management and estimation uncertainties**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*Accounting for business combinations:*

BP I's acquisition of SIG is a business combination. BP I has commenced a process to identify potential fair value adjustments to the existing SIG carrying amounts for assets and liabilities. In accordance with International Financial Reporting Standards (IFRS), BP I has up to 12 months from May 11, 2007 to finalise the amount of fair value of SIG's identifiable net assets as of the date of acquisition. The unaudited combined interim consolidated financial statements are based on currently available information and include a preliminary allocation of purchase price adjustments on acquisition. Actual purchase price adjustments could differ materially.

In the absence of an active market to determine the fair value of acquired assets, valuations are determined based on the estimated future cash flows, discounted to present value using a yield that reflects the specific risks inherent in the net cash flows.

*Recoverability of customer intangible assets*

As described in Note 1(e) above, the difference between the sale price of the filling machine and the cost of manufacturing the machine is capitalized as an intangible asset (rights to supply) and amortised over the term of the carton sleeve contract. At each balance date, the unamortised balance is reviewed to assess whether it will be recovered from the projected gross margin of estimated future carton sleeve sales. Any write down in the recoverable amount of this intangible asset is recognized in the income statement for the current period. This assessment requires management to make judgements on the recoverability of the intangible asset.

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**NOTES TO THE UNAUDITED COMBINED INTERIM FINANCIAL STATEMENTS**

**NOTE 2. SEGMENT REPORTING**

During the three months and six months ended June 30, 2007, the combined Group, through BP I's acquisition of SIG on May 11, 2007 operated in two main business segments. The combined Group's business segments are identified based on the nature of the products provided and services rendered. The accounting policies applied by each segment are the same as the combined Group's accounting policies. Segment result is segment operating income less segment operating expenses (excluding corporate operating income and expenses relating to the Group as a whole). Segment result includes individually significant items applicable to that segment.

***Business segment***

***Products and services***

SIG Combibloc

Complete aseptic carton packaging systems, including aseptic filling machines, aseptic cartons and closures and related services

SIG Beverages

PET bottling machine solutions, including:

- Stretch blow molding machines and bottle design services as well as related services (SIG Corpoplast),
- Aseptic bottle filling machines and related services (SIG Asbofill), and
- Barrier coating and related services (SIG Plasmax)

Corporate/Services

The segment "Corporate/Services" consists of:

- Not fully invoiced net expenses of Shared service Centers,
- R&D expenses of group-wide High impact projects of SIG Technology, and
- Operating income and operating expenses of our investment properties

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**NOTES TO THE UNAUDITED COMBINED INTERIM FINANCIAL STATEMENTS**

**NOTE 2. SEGMENT REPORTING (CONTINUED)**

Three months ended June 30, 2007 (being the period from May 4, 2007 to June 30, 2007*)					
(in €millions)	SIG Combibloc	SIG Beverages	Corporate / Services	Eliminations	Total
Net Sales - external	179	18	-	-	197
Net sales between segments	1	-	-	(1)	-
<b>Net sales</b>	<b>180</b>	<b>18</b>	<b>-</b>	<b>(1)</b>	<b>197</b>
Income from associated companies	-	-	-	-	-
Other operating income	2	2	9	(8)	5
<b>Operating income</b>	<b>182</b>	<b>20</b>	<b>9</b>	<b>(9)</b>	<b>202</b>
<b>Operating profit before depreciation and amortisation (EBITDA)</b>	<b>32</b>	<b>2</b>	<b>(5)</b>	<b>(1)</b>	<b>28</b>
Depreciation of PP&E	(10)	-	(1)	-	(11)
Amortisation of intangible assets	(3)	-	-	-	(3)
<b>Operating profit/ loss (EBIT)</b>	<b>19</b>	<b>2</b>	<b>(6)</b>	<b>(1)</b>	<b>14</b>
Financial income					2
Financial expense					(35)
<b>Financial profit/ (loss)</b>					<b>(33)</b>
<b>Profit/ (loss) before tax (EBT)</b>					<b>(19)</b>
Income tax expenses					(4)
<b>Profit / (loss)</b>					<b>(23)</b>
Attributable to minorities					-
Attributable to equity holders					(23)

\* Being the date of incorporation of BP I and BP II.

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**NOTES TO THE UNAUDITED COMBINED INTERIM FINANCIAL STATEMENTS**

**NOTE 2. SEGMENT REPORTING (CONTINUED)**

Six months ended June 30, 2007  
 (being the period from May 4, 2007 to June 30, 2007\*)

(in €millions)	SIG Combibloc	SIG Beverages	Corporate / Services	Eliminations	Total
Net Sales - external	179	18	-	-	197
Net sales between segments	1	-	-	(1)	-
<b>Net sales</b>	<b>180</b>	<b>18</b>	<b>-</b>	<b>(1)</b>	<b>197</b>
Income from associated companies	-	-	-	-	-
Other operating income	2	2	9	(8)	5
<b>Operating income</b>	<b>182</b>	<b>20</b>	<b>9</b>	<b>(9)</b>	<b>202</b>
<b>Operating profit before depreciation and amortisation (EBITDA)</b>	<b>32</b>	<b>2</b>	<b>(5)</b>	<b>(1)</b>	<b>28</b>
Depreciation of PP&E	(10)	-	(1)	-	(11)
Amortisation of intangible assets	(3)	-	-	-	(3)
<b>Operating profit/ loss (EBIT)</b>	<b>19</b>	<b>2</b>	<b>(6)</b>	<b>(1)</b>	<b>14</b>
Financial income					2
Financial expense					(35)
<b>Financial profit/ (loss)</b>					<b>(33)</b>
<b>Profit/ (loss) before tax (EBT)</b>					<b>(19)</b>
Income tax expenses					(4)
<b>Profit / (loss)</b>					<b>(23)</b>
Attributable to minorities					-
Attributable to equity holders					(23)

\* Being the date of incorporation of BP I and BP II.

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**NOTES TO THE UNAUDITED COMBINED INTERIM FINANCIAL STATEMENTS**

(in €millions)	June 30, 2007
<b>NOTE 3. INVENTORIES</b>	
Raw material & manufacturing supplies	44
Work in progress and semi finished goods	50
Finished goods and merchandise	87
Advance payments to suppliers	5
<b>Total</b>	<b>186</b>

The carrying amount of inventories carried at net realizable value is nil. There were no reversals of inventory write-downs recognised as income during the current period.

(in €millions)	June 30, 2007
<b>NOTE 4. INTEREST BEARING LIABILITIES</b>	
<b>Non-current</b>	
Secured	
Senior indebtedness	
Term loan facilities <sup>(a) (c)</sup>	593
Other <sup>(e)</sup>	37
Unsecured	
8% senior subordinated notes due 2016 <sup>(b) (d)</sup>	464
9 <sup>1/2</sup> % senior subordinated notes due 2017 <sup>(b) (d)</sup>	407
<b>Total non current interest bearing liabilities</b>	<b>1,501</b>

(a) Term borrowings	610
Unamortized discount and debt issue costs	(17)
	<b>593</b>
(b) Notes payable	900
Unamortized discount and debt issue costs	(29)
	<b>871</b>

(c) On May 11, 2007 BP I, as Borrower and an Initial Guarantor, entered into a €825 million Senior Facilities Agreement with Credit Suisse as the lender, consisting of the following facilities:

- a €70 million term loan facility (Facility B); maturity date May 11, 2015, available in two tranches:
  - Tranche BI for €56 million; and
  - Tranche BII for €14 million;
- a €70 million term loan facility (Facility C); maturity date May 11, 2016, available in two tranches:
  - Tranche CI for €56 million; and
  - Tranche CII for €14 million; and
- a €85 million multicurrency revolving credit facility; maturity date May 11, 2014, which is available to group companies other than BP I and BP III, that become a borrower under the terms of the senior credit facilities agreement. Up to €40 million of the revolving credit facility may also be utilised by way of ancillary facilities or issuance of bank guarantees.

Facilities B and C were drawn in full on May 11, 2007. The revolving credit facility was undrawn at June 30, 2007.

Following the issuance of the senior notes and the senior subordinated notes by BP II on June 29, 2007, BP I received gross cash of €900 million from BP II by way of a loan agreement. This cash was used to repay the €770 million senior subordinated bridge facility, refer to (g) below, and to prepay €130 million, part of the Senior Facilities Agreement.

The amounts borrowed under Facility B must be repaid on or before May 11, 2015 and amounts borrowed under Facility C must be repaid on or before May 11, 2016. Indebtedness under the Senior Facilities Agreement may be voluntarily repaid by BP I in whole or in part and subject to minimum amounts and break funding costs.

The rate of interest payable on each facility for each interest period is the percentage rate per annum which is the aggregate of the applicable margin, and EURIBOR and mandatory costs, if any. As of June 30, 2007, margins are:

- Facility B, 2.25% per annum; and
- Facility C, 2.50% per annum.

The interest rate payable as of June 30, 2007 was 6.597% in relation to Facility B, and 7.097% in relation to Facility C.

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**NOTES TO THE UNAUDITED COMBINED INTERIM FINANCIAL STATEMENTS**

**NOTE 4. INTEREST BEARING LIABILITIES (CONTINUED)**

Rank Group Holdings Limited (“Rank”), the shareholder of both BP I and the indirect shareholder of BP III, and BPIII, have guaranteed on a senior basis the obligations of the Borrower under the Senior Facilities Agreement, to the extent permitted by law.

Security comprising (with limited exceptions) all material assets of the guarantors has been given to support the obligations under the guarantees and, in the case of BP I, its obligations as borrower.

- (d) On June 29, 2007 BP II issued €480 million 8% Senior Notes due 2016 (the “senior notes”) and €420 million 9<sup>1/2</sup>% Senior Subordinated Notes due 2017 (the “senior subordinated notes” and, together with the senior notes, the “Notes”).

The senior notes mature on December 15, 2016 and the senior subordinated notes mature on June 15, 2017. BP II will pay interest on the notes semi-annually on each June 15 and December 15, commencing on December 15, 2007. The senior notes are secured on a second-priority basis, and the senior subordinated notes are secured on a third-priority basis, by all of the equity interests of BP I held by Rank and the receivables under loans of the proceeds of the notes made by BP II to BP I.

- (e) Other than the above facilities, the combined Group has a number of smaller working capital facilities extended to certain operating companies of the combined Group. These facilities can bear interest at floating or fixed rates.
- (f) At the date of acquisition by BP I, SIG Holdings AG had on issue Swiss Franc-denominated bonds, including CHF 150 million 4.625% bonds due 2007 (the “2007 bonds”), CHF 100 million 4.375% bonds due 2008 (the “2008 bonds”) and CHF 150 million 2.125% bonds due 2011 (“2011 bonds”). In connection with the acquisition, a tender offer to purchase the 2007 bonds, the 2008 bonds and the 2011 bonds was made by BPIII. Subsequent to the close of the tender offer, meetings of the bondholders of the 2008 bonds and the 2011 bonds resolved to approve the early redemption of each of the 2008 bonds and the 2011 bonds respectively. An application has been made to the Supreme Court of the Canton of Schaffhausen to approve the redemption resolutions. Subject to court approval being obtained, it is anticipated that the 2008 bonds and the 2011 bonds will be redeemed on or about November 2007.

On August 24, 2007, all of the outstanding 2007 bonds were redeemed on their maturity date, in accordance with their terms of issue.

At June 30, 2007 the total outstanding principal of the 2007 bonds, the 2008 bonds and the 2011 bonds was CHF 17.2 million.

- (g) On May 11, 2007 BP I entered into a €770 million Senior Subordinated Bridge Facility Agreement with Credit Suisse as the lender. The Senior Subordinated Bridge Facility was drawn in full on May 11, 2007 and was repaid in full on June 29, 2007 following the loans of the proceeds of the notes made by BP II to BP I.

**Guarantors / Non Guarantors of the Notes**

Rank and certain of its subsidiaries that guarantee the obligations of the Borrower under the Senior Facilities Agreement or guarantee or incur certain other indebtedness will guarantee the senior notes with guarantees that will be subordinated in right of payment to certain existing and future senior indebtedness of such guarantor (including guarantees of the senior credit facilities of BP I) and will guarantee the senior subordinated notes with guarantees that will be subordinated in right of payment to all existing and future senior indebtedness and senior subordinated indebtedness of such guarantor (including guarantees in respect of the senior credit facilities of BP I and the senior notes). On the date of issuance of the notes, the only guarantors of the Notes were Rank Group Holdings Limited, BP I and Beverage Packaging Holdings (Luxembourg) III S.a.r.l. No other entity is required to become a guarantor of the notes until as soon as reasonably practicable after completion of the squeeze-out of certain minority shareholders of SIG Holdings AG but in any event prior to February 5, 2008.

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**NOTES TO THE UNAUDITED COMBINED INTERIM FINANCIAL STATEMENTS**

(in €millions)

June 30, 2007

**NOTE 5. CONTRIBUTED EQUITY**

**Share capital**

- BP I: 13,063,527 (May 4, 2007 – 1,000) ordinary shares, fully paid	405
- BP II: 1,000 (May, 4 2007 – 1,000) ordinary shares, fully paid	-
<b>Combined Group</b>	<b>405</b>

Movements since May 4, 2007 in the issued capital of BP I and BP II have been as follows:

<b>BP I</b>	<b>Number of shares</b>	<b>€million</b>
Ordinary shares at May 4, 2007, being date of incorporation	1,000	-
Additional contribution of equity	13,063,527	405
Shares cancelled	(1,000)	-
Ordinary shares at June 30, 2007	13,063,527	405

The par value of each BP I share is €31 and has been paid in full.

BP I was incorporated in Luxembourg on May 4, 2007, with an initial share capital of €31,000 representing 1,000 shares issued at €31 per share. On May 8, 2007 BP I received an additional contribution of equity from Rank. The additional equity comprised cash of €120 million and the contribution of an initial 16.6% interest in SIG with a cost of €85 million. In return for the equity contribution, BP I issued 13,063,527 new shares, each with par value of €31. The original 1,000 shares were then cancelled.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and, at members' meetings, are entitled to one vote on a show of hands and one vote per share on a poll.

In the event of winding up of the Company, ordinary shareholders rank after secured and unsecured creditors and are fully entitled to the balance of any proceeds on liquidation.

<b>BP II</b>	<b>Number of shares</b>	<b>€</b>
Ordinary shares at May 4, 2007, being date of incorporation	1,000	31,000
Ordinary shares at June 30, 2007	1,000	31,000

The par value of each BP II share is €31 and has been paid in full.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and, at members' meetings, are entitled to one vote on a show of hands and one vote per share on a poll.

In the event of winding up of the Company, ordinary shareholders rank after secured and unsecured creditors and are fully entitled to the balance of any proceeds on liquidation.

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**NOTES TO THE UNAUDITED COMBINED INTERIM FINANCIAL STATEMENTS**

**NOTE 6. ACQUISITION OF CONTROLLED ENTITIES**

On May 11, 2007, Rank Group Holdings Limited (“Rank”), the Parent of BP II, consummated its public tender offer for all publicly traded shares of SIG, which are listed on the main segment of the SWX Swiss Exchange, at a price of CHF 435 per share. Following consummation of the tender offer, BP III, which is an indirect subsidiary of Rank, held 98.3% of the SIG shares, including certain shares purchased by Rank on the open market, which were then transferred to BP III. The aggregate purchase price for the 98.3% of the SIG shares held by BP III following the tender offer was €1.7 billion.

BP III is currently undertaking a squeeze-out of the remaining publicly owned SIG shares, following the completion of which SIG will become a wholly-owned subsidiary of BP III.

SIG has contributed revenue and net profit of €97 million and €6 million, respectively, to the combined Group’s net profit for the each of the three and six month periods ended June 30, 2007. For pro forma combined income statements for the three and six months ended June 30, 2007, and the year ended December 31, 2006 giving effect to the SIG acquisition as if it had occurred on January 1, 2006, see Note 10.

The acquisition of SIG had the following effect on the combined Group’s assets and liabilities at the acquisition date:

(in €millions)	Carrying amounts	Fair value adjustments	Recognised values
Trade debtors	98	-	98
Inventories	176	-	176
Other assets	156	5	161
Property, plant and equipment	428	40	468
Intangible assets	76	-	76
Trade creditors	(47)	-	(47)
Provisions and other accrued liabilities	(330)	(63)	(393)
Net identifiable assets and liabilities	557	(18)	539
Goodwill on acquisition			1,242
Net assets acquired			1,781
Consideration paid in cash			1,692
Net cash (acquired)			89
Net cash outflow			1,781

The initial acquisition accounting for SIG has been determined on a provisional basis.

Goodwill represents the future economic benefits arising from assets that are not capable of being individually identified and separately recognized. BP I has commenced a process to identify potential fair value adjustments to the existing SIG carrying amount for assets and liabilities. In accordance with IFRS, BP I has up to 12 months from May 11, 2007 to finalise the amount of fair value of SIG’s identifiable net assets as of the date of acquisition. Changes in the amount of fair value could differ materially from SIG’s reported values for assets and liabilities. This will directly impact the measurement of any goodwill arising from the business acquisition. BP I is also in the process of determining whether, and to what extent, this intangible asset on acquisition should be allocated to separate identifiable assets or goodwill.

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**NOTES TO THE UNAUDITED COMBINED INTERIM FINANCIAL STATEMENTS**

(in €millions)

June 30, 2007

**NOTE 7. COMMITMENTS**

**Capital expenditure commitments<sup>(i)</sup>**

Open commitments to acquire tangible fixed assets

19

**Operating lease commitments<sup>(ii)</sup>**

Under 1 year

6

1 to 5 years

11

Over 5 years

4

**Total**

21

(i) The commitments for the acquisition of property, plant and equipment primarily relate to expansionary projects at SIG's plants in Thailand and China.

(ii) Operating lease commitments are primarily related to leased plant and office facilities.

**NOTE 8. EVENTS SUBSEQUENT TO BALANCE DATE**

No events have occurred or are known subsequent to balance sheet date which would have a material effect on the financial statements.

**NOTE 9. OTHER ISSUES**

Filling machines may be replaced or taken back by SIG Combibloc due to changes in customer demands or technical progress. These machines are usually refurbished and resold. Returned machines are recognized in inventories. The related financial risks are evaluated annually and, if necessary, written down to recoverable amounts. Currently there are no provisions required.

The potential obligation to buy back a filling machines from a third party finance company, which leases the machine to customers, in the event that a customer becomes insolvent, exposes the Group to a risk of a potential cash outflow of maximum €12 million as of June 30, 2007.

**BEVERAGE PACKAGING HOLDINGS GROUP**

**PART II – Unaudited proforma combined financial information for the Beverage Packaging Holdings Group**

Unaudited proforma combined income statement for the three months ended June 30, 2007.....	22
Unaudited proforma combined income statement for the six months ended June 30, 2007 .....	23
Unaudited proforma combined income statement for the twelve months ended December 31, 2006.....	24
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**BEVERAGE PACKAGING HOLDINGS GROUP**  
**UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION**

The following unaudited pro forma combined financial information for the three and six months ended June 30, 2007 and the year ended December 31, 2006 presents the combination of the pro forma financial statements of BP II and BP I.

As detailed in the Introduction to this financial report and Note 1, BP I and BP II were both incorporated on May 4, 2007. BP I gained control of SIG on May 11, 2007.

BP II's financial statements present the impact of the following transactions:

- the incorporation of BP II; and
- the issuance of €480 million 8% Senior Notes due 2016 (the "senior notes") and €420 million 9<sup>1/2</sup>% Senior Subordinated Notes due 2017 (the "senior subordinated notes" and, together with the senior notes, the "notes").

BP I's financial statements present the impact of:

- the incorporation and capitalization of BP I, including debt drawn down under the senior credit facilities;
- the use of proceeds from the issuance of the notes to repay the senior subordinated bridge facility and reduce the outstanding senior credit facility; and
- the acquisition of SIG by BP I, including:
  - initial fair value adjustments resulting from our preliminary allocation of the purchase price on acquisition; and
  - the repayment of certain of SIG's existing indebtedness.

As of June 30, 2007, BP I, indirectly through BP III, held 98.3% of SIG's shares. BP III is currently undertaking a squeeze-out of the remaining publicly owned SIG shares, following the completion of which SIG will become a wholly-owned indirect subsidiary of Rank. The unaudited pro forma combined financial information assumes the acquisition by BP I of 100% of the outstanding ordinary shares of SIG.

The unaudited pro forma combined financial information is based on BP I management's current estimates of, and good faith assumptions regarding, the adjustments arising from the transactions described above. The summary unaudited pro forma combined financial information does not purport to represent what the financial position and results of operations actually would have been had the acquisition of SIG, the financing for the acquisition and the other transactions reflected in this presentation been consummated on the dates indicated or to project our financial position as of any future date or our results of operations for any future period.

Certain of the following unaudited pro forma combined financial information is extracted or derived from the SIG consolidated financial statements. The unaudited pro forma combined income statements for the three and six months ended June 30, 2007, and the year ended December 31, 2006 give effect to the transactions described herein as if they had occurred on January 1, 2006.

BP I has treated the acquisition of SIG as a purchase transaction for accounting purposes. The unaudited pro forma combined financial information should be read in conjunction with the Management Discussion and Analysis and the unaudited combined consolidated interim financial statements included elsewhere in this report.

BP I obtained control of SIG on May 11, 2007. BP I has commenced a process to identify potential fair value adjustments to the existing SIG carrying amounts for assets and liabilities. However, as of the date of this report, BP I has not performed the valuation studies necessary to estimate the fair value of all assets that have been acquired and all the liabilities that have been assumed and the related allocation of the purchase price. In accordance with IFRS, BP I has up to twelve months from May 11, 2007 to finalize the allocation of the purchase price. Changes in the assigned fair value of the identifiable net assets could differ materially from SIG's reported values for assets and liabilities. This will directly impact the measurement of any goodwill arising from the business contribution. To the extent that finite life intangible assets are identified, these will be amortized over their estimated useful life. The unaudited pro forma combined financial information assumes that the intangible asset acquired is goodwill, which is not amortized under IFRS.

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION (CONTINUED)**

**Unaudited Pro Forma Combined Income Statement for the Three Months Ended June 30, 2007**

(in €millions)	Historical SIG <sup>(1)</sup>	Pro Forma Incorporation and capitalization of BP I <sup>(2)</sup>	Adjustments for SIG acquisition <sup>(3)</sup>	Adjustments for the notes <sup>(4)</sup>	Pro Forma BP I consolidated	Pro Forma <sup>(5)</sup> BP II	Pro Forma Combined BP I/BP II <sup>(6)</sup>
<b>Net sales</b> .....	<b>361</b>	—	—	—	<b>361</b>	—	<b>361</b>
Income from associated companies .....	—	—	—	—	—	—	—
Other operating income ..	10	—	—	—	10	—	10
<b>Operating income</b> .....	<b>371</b>	—	—	—	<b>371</b>	—	<b>371</b>
Own work capitalized.....	15	—	—	—	15	—	15
Changes in inventories of finished goods and work in progress.....	5	—	—	—	5	—	5
Raw materials, supplies and services.....	(192)	—	—	—	(192)	—	(192)
Personnel costs .....	(78)	—	—	—	(78)	—	(78)
Other operating expenses	(64)	—	—	—	(64)	—	(64)
<b>Operating profit/(loss) before depreciation and amortization (EBITDA)</b> .....	<b>57</b>	—	—	—	<b>57</b>	—	<b>57</b>
Depreciation of property, plant and equipment ....	(19)	—	— <sup>(a)</sup>	—	(19) <sup>(a)</sup>	—	(19) <sup>(a)</sup>
Amortization of intangible assets .....	(6)	—	—	—	(6)	—	(6)
<b>Operating profit/(loss) (EBIT)</b> .....	<b>32</b>	—	—	—	<b>32</b>	—	<b>32</b>
Financial income.....	4	—	—	—	4	20	4
Financial expenses.....	(5)	(9) <sup>(a)</sup>	2 <sup>(b)</sup>	(21) <sup>(a)</sup>	(33)	(20)	(33)
Debt waivers .....	—	—	—	—	—	—	—
<b>Financial profit/(loss) ...</b>	<b>(1)</b>	<b>(9)</b>	<b>2</b>	<b>(21)</b>	<b>(28)</b>	—	<b>(28)</b>
Profit on divestments.....	—	—	—	—	—	—	—
<b>Profit/(loss) before tax (EBT)</b> .....	<b>31</b>	<b>(9)</b>	<b>2</b>	<b>(21)</b>	<b>3</b>	—	<b>3</b>
Income tax expenses.....	(6)	4 <sup>(b)</sup>	—	6 <sup>(b)</sup>	4	—	4
<b>Profit/(loss) continuing</b>	<b>25</b>	<b>(5)</b>	<b>2</b>	<b>(15)</b>	<b>7</b>	—	<b>7</b>
<b>Profit/(loss) discontinued</b> .....	—	—	—	—	—	—	—
<b>Profit/(loss)</b> .....	<b>25</b>	<b>(5)</b>	<b>2</b>	<b>(15)</b>	<b>7</b>	—	<b>7</b>
Profit/(loss) attributable to minorities .....	—	—	—	—	—	—	—
Profit/(loss) attributable to equity holders.....	25	(5)	2	(15)	7	—	7
	<b>25</b>	<b>(5)</b>	<b>2</b>	<b>(15)</b>	<b>7</b>	—	<b>7</b>

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION (CONTINUED)**

**Unaudited Pro Forma Combined Income Statement for the Six Months Ended June 30, 2007**

(in €millions)	Historical SIG <sup>(1)</sup>	Pro Forma Incorporation and capitalization of BP I <sup>(2)</sup>	Adjustments for SIG acquisition <sup>(3)</sup>	Adjustments for the notes <sup>(4)</sup>	Pro Forma BP I consolidated	Pro Forma <sup>(5)</sup> BP II	Pro Forma Combined BP I/BP II <sup>(6)</sup>
<b>Net sales</b> .....	<b>683</b>	—	—	—	<b>683</b>	—	<b>683</b>
Income from associated companies .....	—	—	—	—	—	—	—
Other operating income ..	20	—	—	—	20	—	20
<b>Operating income</b> .....	<b>703</b>	—	—	—	<b>703</b>	—	<b>703</b>
Own work capitalized.....	22	—	—	—	22	—	22
Changes in inventories of finished goods and work in progress.....	21	—	—	—	21	—	21
Raw materials, supplies and services.....	(361)	—	—	—	(361)	—	(361)
Personnel costs .....	(142)	—	—	—	(142)	—	(142)
Other operating expenses	(137)	—	—	—	(137)	—	(137)
<b>Operating profit/(loss) before depreciation and amortization (EBITDA)</b> .....	<b>106</b>	—	—	—	<b>106</b>	—	<b>106</b>
Depreciation of property, plant and equipment ....	(39)	—	(1) <sup>(a)</sup>	—	(40) <sup>(a)</sup>	—	(40)
Amortization of intangible assets .....	(11)	—	—	—	(11)	—	(11)
<b>Operating profit/(loss) (EBIT)</b> .....	<b>56</b>	—	<b>(1)</b>	—	<b>55</b>	—	<b>55</b>
Financial income.....	5	—	—	—	5	39	5
Financial expenses.....	(6)	(31) <sup>(a)</sup>	4 <sup>(b)</sup>	(40) <sup>(a)</sup>	(73)	(39)	(73)
Debt waivers .....	—	—	—	—	—	—	—
<b>Financial profit/(loss) ...</b>	<b>(1)</b>	<b>(31)</b>	<b>4</b>	<b>(40)</b>	<b>(68)</b>	—	<b>(68)</b>
Profit on divestments.....	—	—	—	—	—	—	—
<b>Profit/(loss) before tax (EBT)</b> .....	<b>55</b>	<b>(31)</b>	<b>3</b>	<b>(40)</b>	<b>(13)</b>	—	<b>(13)</b>
Income tax expenses.....	(12)	11 <sup>(b)</sup>	—	12 <sup>(b)</sup>	11	—	11
<b>Profit/(loss) continuing</b>	<b>43</b>	<b>(20)</b>	<b>3</b>	<b>(28)</b>	<b>(2)</b>	—	<b>(2)</b>
<b>Profit/(loss) discontinued</b> .....	—	—	—	—	—	—	—
<b>Profit/(loss)</b> .....	<b>43</b>	<b>(20)</b>	<b>3</b>	<b>(28)</b>	<b>(2)</b>	—	<b>(2)</b>
Profit/(loss) attributable to minorities .....	—	—	—	—	—	—	—
Profit/(loss) attributable to equity holders.....	43	(20)	3	(28)	(2)	—	(2)
	<b>43</b>	<b>(20)</b>	<b>3</b>	<b>(28)</b>	<b>(2)</b>	—	<b>(2)</b>

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION (CONTINUED)**

**Unaudited Pro Forma Combined Income Statement for the Year Ended December 31, 2006**

(in €millions)	Historical SIG <sup>(1)</sup>	Pro Forma Incorporation and capitalization of BP I <sup>(2)</sup>	Adjustments for SIG acquisition <sup>(3)</sup>	Adjustments for the notes <sup>(4)</sup>	Pro Forma BP I consolidated	Pro Forma <sup>(5)</sup> BP II	Pro Forma Combined BP I/BP II <sup>(6)</sup>
<b>Net sales</b> .....	<b>1,349</b>	—	—	—	<b>1,349</b>	—	<b>1,349</b>
Income from associated companies .....	(1)	—	—	—	(1)	—	(1)
Other operating income ..	39	—	—	—	39	—	39
<b>Operating income</b> .....	<b>1,387</b>	—	—	—	<b>1,387</b>	—	<b>1,387</b>
Own work capitalized.....	52	—	—	—	52	—	52
Changes in inventories of finished goods and work in progress.....	1	—	—	—	1 <sup>(a)</sup>	—	1
Raw materials, supplies and services.....	(702)	—	—	—	(702)	—	(702)
Personnel costs .....	(264)	—	—	—	(264)	—	(264)
Other operating expenses	(271)	—	—	—	(271)	—	(271)
<b>Operating profit/(loss) before depreciation and amortization (EBITDA)</b> .....	<b>203</b>	—	—	—	<b>203</b>	—	<b>203</b>
Depreciation of property, plant and equipment ....	(89)	—	(1) <sup>(a)</sup>	—	(90)	—	(90)
Amortization of intangible assets .....	(24)	—	—	—	(24)	—	(24)
<b>Operating profit/(loss) (EBIT)</b> .....	<b>90</b>	—	<b>(1)</b>	—	<b>89</b>	—	<b>89</b>
Financial income.....	9	—	—	—	9	78	9
Financial expenses.....	(13)	(52) <sup>(a)</sup>	11 <sup>(b)</sup>	(80) <sup>(a)</sup>	(134)	(78)	(134)
Debt waivers .....	—	—	—	—	—	—	—
<b>Financial profit/(loss) ...</b>	<b>(4)</b>	<b>(52)</b>	<b>11</b>	<b>(80)</b>	<b>(125)</b>	—	<b>(125)</b>
Profit on divestments.....	7	—	—	—	7	—	7
<b>Profit/(loss) before tax (EBT)</b> .....	<b>93</b>	<b>(52)</b>	<b>10</b>	<b>(80)</b>	<b>(29)</b>	—	<b>(29)</b>
Income tax expenses.....	(27)	18 <sup>(b)</sup>	—	26 <sup>(b)</sup>	17	—	17
<b>Profit/(loss) continuing</b>	<b>66</b>	<b>(34)</b>	<b>10</b>	<b>(54)</b>	<b>(12)</b>	—	<b>(12)</b>
<b>Profit/(loss) discontinued</b> .....	—	—	—	—	—	—	—
<b>Profit/(loss)</b> .....	<b>66</b>	<b>(34)</b>	<b>10</b>	<b>(54)</b>	<b>(12)</b>	—	<b>(12)</b>
Profit/(loss) attributable to minorities .....	—	—	—	—	—	—	—
Profit/(loss) attributable to equity holders.....	66	(34)	10	(54)	(12)	—	(12)
	<b>66</b>	<b>(34)</b>	<b>10</b>	<b>(54)</b>	<b>(12)</b>	—	<b>(12)</b>

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION (CONTINUED)**

**Notes to the unaudited pro forma combined income statements**

**(1) Historical SIG**

The historical financial information of SIG for the three and six months ended June 30, 2007 has been derived from the unaudited interim consolidated income statements.

The historical financial information of SIG for the fiscal year ended December 31, 2006 has been derived from the audited consolidated income statements.

**(2) Pro forma incorporation and capitalization of BP I**

(a) Represents interest expense related to the senior credit facilities and the senior subordinated bridge facility using the assumed interest rates set forth below:

	3 months ended June 30, 2007	6 months ended June 30, 2007	Year ended December 31, 2006
	(in €millions)		
Senior credit facilities: term loan B—€370 million at 6.11% .....	(4)	(9)	(19)
Senior credit facilities: term loan C—€370 million at 6.36% .....	(5)	(10)	(19)
Amortization of senior subordinated bridge facility costs <sup>(i)</sup> .....	—	(12)	(12)
Amortization of other debt issuance costs <sup>(ii)</sup> .....	—	—	(2)
<b>Total pro forma interest expense<sup>(iii)</sup> .....</b>	<b>(9)</b>	<b>(31)</b>	<b>(52)</b>

(i) Reflects expensed debt issuance costs of €12 million related to the senior subordinated bridge facility.

(ii) Reflects amortized debt issuance costs of €7 million related to the senior credit facilities. These costs are amortized over the term of the related facility.

(iii) Each 0.125% change in interest rates set forth above and applicable to the term loan B and the term loan C facilities would change the applicable three monthly and six monthly interest expense by €0.1 million and €0.2 million, respectively. Each 0.125% change in interest rates set forth above and applicable to the term loan B and the term loan C facilities would change the applicable annual interest expense by €0.4 million, respectively.

(b) The additional pro forma interest expense gives rise to a tax benefit of €4 million and €1 million in the three and six months ended June 30, 2007 respectively. The additional pro forma interest expense gives rise to a tax benefit of €8 million in the year ended December 31, 2006.

**(3) Adjustments for SIG acquisition**

(a) Reflects additional depreciation on investment properties of €0.3 million and €0.6 million for the three six months ended June 2007 respectively, which have been rounded to €nil and €1 million in the above tables.

Reflects additional depreciation on investment properties of €1 million for the year ended December 31, 2006.

(b) Reflects repayment of certain of SIG's indebtedness resulting in decreased interest expense of €2 million and €4 million for the three and six months ended June 30, 2007, respectively.

Reflects repayment of certain of SIG's indebtedness resulting in decreased interest expense of €1 million for the year ended December 31, 2006.

**(4) Adjustments for the notes**

(a) The proceeds loan from BP II to BP I gives rise to additional interest expense, comprised of the following components:

	3 months ended June 30, 2007	6 months ended June 30, 2007	Year ended December 31, 2006
	(in €millions)		
€00 million proceeds loan .....	(20)	(39)	(78)
Amortization of debt issuance costs .....	(1)	(1)	(2)
<b>Pro forma interest expense .....</b>	<b>(21)</b>	<b>(40)</b>	<b>(80)</b>

(b) The pro forma interest expense gives rise to a tax benefit of €6 million and €12 million in the three and six months ended June 30, 2007 respectively, and a tax benefit of €6 million in the year ended December 31, 2006.

**BEVERAGE PACKAGING HOLDINGS GROUP**  
**UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION (CONTINUED)**

**Notes to the unaudited pro forma combined income statements (continued)**

**(5) Pro forma BP II**

The new debt from the Notes gives rise to an additional interest expense comprised of the following components:

	<b>3 months ended June 30, 2007</b>	<b>6 months ended June 30, 2007</b>	<b>Year ended December 31, 2006</b>
	(in €millions)		
€00 million notes offered hereby .....	(20)	(39)	(78)

The proceeds loan from BP II to BP I gives rise to additional interest income of €20 million and €39 million for the three and six months ended June 30, 2007 respectively. The proceeds loan from BP II to BP I gives rise to additional interest income of €78 million for the year ended December 31, 2006.

**(6) Pro forma combined BP I and BP II**

For each period presented, the combination results in the elimination of the interest income recognized by BP II and the interest expense incurred by BP I on the proceeds loan.

**BEVERAGE PACKAGING HOLDINGS GROUP**

**PART III – Management’s discussion and analysis of results of operations and financial condition**

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### Forward-looking statements

This "Management's Discussion and Analysis of Results of Operations and Financial Condition" contains disclosures which are "forward-looking statements." Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, acquisitions and other information that does not relate solely to historical or current facts. When used in this document, forward-looking statements can be identified by the use of words such as "may," "will," "projects," "plan," "anticipates," "believes," "expects," "intends" or "continue." Although we believe that such statements are based on reasonable assumptions, these forward-looking statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be different from those projected. These factors, risks and uncertainties include, among others, the following:

- the markets in which we operate becoming more competitive;
- the possible departure of key executive officers;
- risks associated with having some customers that contribute a significant amount of our revenue;
- the availability of supply sources;
- significant fluctuations of our main raw materials PE, carton board and Aluminum
- the impact of environmental and other government regulations on our business;
- changes in accounting practices; and
- changes in general economic conditions.

Our actual results, performance or achievements could differ from those expressed in, or implied by, any of the forward-looking statements. We cannot assure you that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition. You are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this document. We do not undertake any obligation to update publicly or revise any forward-looking statements.

### Results and Financial Condition

Set forth below is a brief description of key line items of the Income Statement:

- **Net sales:** Net sales represent the revenues from the delivery of goods and services net of value-added taxes, rebates and discounts. Revenue is recognized when the significant risks and rewards of ownership of the goods or services are transferred to the buyer.
- **Income from associated companies:** income in associated companies represents our share of net profit of all our associates using the equity method of consolidation. In the balance sheet as of June, 30, 2007 there are two associate companies being joint ventures with Obeikan in Riyadh and Dubai, where we hold an interest of 50% each.
- **Other operating income:** Other operating income include revenues that do not arise from our normal operation and mainly include rental income from investment properties, rental income from temporarily leased land and buildings, the gain on sale of Property Plant & Equipment, and income from services of our shared service centers rendered to third parties.
- **Changes in inventories of finished goods & WIP:** Changes in inventories of finished goods & work in progress (WIP) between the opening balance during the reporting period and the closing balance.
- **Own work capitalized:** Own work capitalized is the value of internal manufactured tangible assets and the capitalized rights to supply of intangible assets in case of filler machines that are sold below their production cost.
- **Operating expenses:** Operating expenses are classified by nature of the expense, as follows:
  - **Raw materials, supplies and services:** Raw materials, supplies and services used in the manufacturing process. The primary materials used in the Combibloc segment are raw carton board, Polyethylene [PE], Aluminum foil and steel. In SIG Beverages the main raw material is the steel used in the manufacture of the machines and the purchase of services and components performed by third subcontractors.
  - **Personnel costs:** Personnel costs include wages and salaries, social security expenses, contributions for post-retirement benefits, pension funds and healthcare, anniversary payments, costs of the long-term incentive plan provided to top management, bonuses, severance payments and fringe benefits of employees.
  - **Other operating expenses:** Other operating expenses include special costs of sales (like market and promotional allowances to customers, freight costs, packaging material, credit insurances), Advertising, representation and travel costs, Maintenance, energy and rental costs, other sales expenses, value adjustments and losses on receivables, legal and consultancy costs, realized and unrealized exchange rate profits and losses on balance sheet items except on financial liabilities and other administrative expenses.

**Results and Financial Condition (continued)**

- **EBITDA:** EBITDA means **Earnings (or Operating profit) Before Interest, Taxes, Depreciation and Amortization of Goodwill**
- **Depreciation of PP&E:** Depreciation of **Property, Plant and Equipment** is charged to the income statement on a straight-line basis over the expected life of the related asset. Impairments on all assets are recognized in the income statement when they occur.
- **Amortization of intangible assets (without Goodwill):** Amortization of intangible assets (without Goodwill) is charged to the income statement on a straight-line basis over the expected life of the related asset. Impairments on all assets are recognized in the income statement when they occur. The majority of amortization cost in all periods is the amortization of capitalized delivery rights of SIG Combibloc's filler business.
- **EBIT:** EBIT means **Earnings (or Operating profit) Before Interest and Taxes**
- **Financial Income:** Financial Income consists of interest from loans, securities and cash, the profit (gain and loss) from fair value adjustments and the profit (gain and loss) from the sale of these financial assets.
- **Financial expense:** Financial expense consists of interests and similar expenses charged for financial liabilities, exchange rate profit (gain and loss) on third party financial liabilities and on intercompany short-term loans (netting to zero on a consolidated basis) and amortization of capitalized debt issuance costs.
- **Financial profit:** Financial profit is the difference between Financial income and Financial expense.
- **EBT:** EBT means **Earnings Before Taxes**
- **Income tax expenses:** Income tax represents the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax. Current tax is the amount on income taxes payable (recoverable) in respect of the taxable profit/(loss) for a period. Deferred tax represents the amount of income taxes payable/(recoverable) in future periods in respect of taxable (deductible) temporary differences and unused tax losses.
- **Profit or loss of the period:** Profit or loss includes profit of the continuing business before minority interests, consisting in all periods of the segments SIG Combibloc, SIG Beverages and the Corporate and shared service functions, combined in the segment Corporate/Services.
- **Minority interests:** Minority interests represent the profit share of minority shareholders in fully consolidated companies.

Restructuring measures and other one-off expenses have been incurred last year and also this year, which we believe are of such a size, nature or incidence that their disclosure is relevant in explaining the operating performance over such period. The following discussion of our results of operations discloses for each period the principal adjustments to EBITDA reflected in the computation of "Adjusted EBITDA".

**Results and Financial Condition (continued)**

**Three months ended June 30, 2007 compared to three months ended June 30, 2006**

**Six months ended June 30, 2007 compared to six months ended June 30, 2006**

The condensed combined interim financial information contains quarterly and six monthly financial information for Beverage Packaging Holdings (Luxembourg) II S.A. ("BP II" or the "Issuer"); combined with Beverage Packaging Holdings (Luxembourg) I S.A. ("BP I") and its subsidiaries, including Beverage Packaging Holdings (Luxembourg) III S.a.r.l. ("BP III") and SIG Holding AG and its subsidiaries ("SIG"). The combined group is collectively referred to as the Beverage Packaging Holdings Group (the "combined Group").

The unaudited combined interim consolidated financial statements include the combined financial statements of BP II and BP I and its controlled entities. BP I and BP II were both incorporated on May 4, 2007.

BP II's financial statements include the impact of:

- the incorporation of BP II; and
- the issuance of €480 million 8% Senior Notes due 2016 (the "senior notes") and €420 million 9<sup>1/2</sup>% Senior Subordinated Notes due 2017 (the "senior subordinated notes" and, together with the senior notes, the "notes").

BP I's financial statements include the impact of:

- the incorporation and capitalisation of BP I, including debt drawn down under senior credit facilities;
- the use of proceeds from the issuance of the notes to repay the senior subordinated bridge facility and reduce the outstanding senior credit facility; and
- the acquisition of SIG by BP I, including the repayment of certain of SIG's existing indebtedness.

As of June 30, 2007, BP I indirectly through BP III, held 98.3% of SIG's shares. BP III is currently undertaking a squeeze out of the remaining publicly owned SIG shares. The unaudited combined interim consolidated income statement herein includes the results of SIG from May 11, 2007 and the unaudited combined interim consolidated balance sheet herein includes the assets and liabilities of the SIG. With regard to the acquisition of SIG, the purchase price allocation reflected as of June 30, 2007 it is preliminary and subject to change.

The following management discussion and analysis includes a summary of the results and financial condition of the combined Group for the period since incorporation to June 30, 2007. To assist with understanding the operating performance of the combined Group on a proforma basis, a discussion of the SIG Group's results and financial condition for the three and six months ended June 30, 2007 are also set out below.

***Beverage Packaging Holdings Group***

For the period since incorporation to June 30, 2007, the combined Group generated €197 million in net sales, EBITDA of €28 million and EBIT of €14 million, principally reflecting the operating results of the SIG Group from May 11, 2007, the date of acquisition, to June 30, 2007.

The combined Group incurred a net financial loss of €33 million since incorporation to June 30, 2007, primarily reflecting the interest expenses incurred on the combined Group's senior credit facilities and the notes. Interest expense also includes approximately €10 million of debt issue costs which have been written off following the repayment of the senior subordinated bridge facility.

The combined Group incurred a net loss after tax of €23 million, primarily as a consequence of the factors outlined above.

***SIG Group***

*Net sales.* Net sales increased by 4% to €361 million for the second quarter ended June 30, 2007 compared to €346 million for the second quarter ended June 30, 2006. This increase has been contributed by both segments, however to a significant higher extent by SIG Beverages.

Net sales increased by 6% to €683 million for the six months ended June 30, 2007 compared to €646 million for the six months ended June 30, 2006. The higher net sales growth for the six month period in the second quarter ended June 30, 2007 and 2006 reflects the seasonality of our business with normally stronger net sales in second and third quarter of the fiscal year, especially in SIG Combibloc.

**Results and Financial Condition (continued)**

*Total operating expenses.* Total operating expenses increased by 4% to €14 million (85% of total operating income) for the second quarter ended June 30, 2007 compared to €302 million (86% of total operating income) for the second quarter ended June 30, 2006. This increase was due to an increase in operating expenses in both segments associated with the increase in net sales. Total operating expenses for the second quarter ended June 30, 2007 include one-off expenses of €12 million, reflected in personnel costs (€10 million for redundancy costs and the management incentive remuneration resulting from the auction process) and in other operating expenses (€2 million auction related costs), and as well one-off income of €12 million for the release of surplus provisions for Reps & Warranties, reflected in lower other operating expenses. Total operating expenses for the second quarter ended June 2006 include one-off expenses of €9 million, reflected in personnel costs (€5 million for redundancy costs) and in other operating expenses (€4 million costs caused by the closure of SIG Combibloc's plant in Newcastle [UK]).

Total operating expenses increased by 5% to €97 million (85% of total operating income) for the six months ended June 30, 2007 compared to €66 million (86% of total operating income) for the six months ended June 30, 2006. Total operating expenses for the first period ended June 2007 include one-off expenses of €13 million, reflected in personnel costs (€10 million for redundancy costs and the management incentive remuneration resulting from the auction process) and in other operating expenses (€3 million auction related costs), and as well one-off income of €12 million for the release of surplus provisions for Reps & Warranties, reflected in lower other operating expenses. Total operating expenses for the six months ended June 2006 include one-off expenses of €9 million, reflected in personnel costs (€5 million for redundancy costs) and in other operating expenses (€4 million costs caused by the shutdown of SIG Combibloc's production facility in Newcastle [UK]).

The one-off expenses of €13 million and the one off income of €12 million reflected in other operating expenses in the three and six month periods to June 30, 2007, as discussed above have been reflected in the combined Group's income statement and balance sheet as pre-acquisition liabilities, in accordance with acquisition accounting principles.

*EBITDA.* EBITDA increased by 14% from €50 million (14% of total operating income) for the second quarter ended June 30, 2006 to €57 million (15% of total operating income) in second quarter ended June 30, 2007, reflecting the additional profit from the increase in net sales and less net one-off expenses.

EBITDA increased by 13% from €4 million (14% of total operating income) for the six months ended June 30, 2006 to €106 million (15% of total operating income) for the six month ended June 30, 2007, maintaining the profitability of the first quarters.

*Depreciation of property, plant and equipment.* Depreciation of property, plant and equipment decreased by €12 million to €19 million for the second quarter ended June 30, 2007 from €31 million for the second quarter ended June 30, 2006. This decrease is due to €7 million of extraordinary depreciation (impairment) resulting from the closure of SIG Combibloc's plant in Newcastle (UK) in the second quarter ended June 30, 2006 and lower depreciation on leased fillers in SIG Combibloc.

Depreciation of property, plant and equipment decreased by €10 million to €39 million for the six months ended June 30, 2007 from €49 million for the six months ended June 30, 2006. This decrease is due to €7 million of extraordinary depreciation (impairment) resulting from the closure of SIG Combibloc's plant in Newcastle (UK) in the six months ended June 30, 2006 and lower depreciation on leased fillers in SIG Combibloc.

*Amortization of intangible assets.* Amortization of intangible assets was €6 million for each of second quarter ended June 30, 2007 and 2006 and €1 million for each of first semester ended June 30, 2007 and 2006. This expense primarily relates to the amortization of capitalized delivery rights of SIG Combibloc's filler business.

**Results and Financial Condition (continued)**  
*Combibloc Segment*

(in €millions)	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
			(unaudited)	
Net Sales	321	312	607	586
Income from associated companies	-	-	-	-
Other operating income	4	2	8	5
<b>Total operating income</b>	<b>325</b>	<b>314</b>	<b>615</b>	<b>591</b>
Changes in inventories of finished goods & WIP	8	(12)	18	-
Own work capitalised	15	19	22	35
Raw materials, supplies & services	(174)	(150)	(318)	(309)
Personnel costs	(54)	(55)	(102)	(103)
Other operating expenses	(68)	(65)	(135)	(120)
Operational financial income from third parties	2	-	2	1
<b>Total operating expenses</b>	<b>(271)</b>	<b>(263)</b>	<b>(513)</b>	<b>(496)</b>
<b>EBITDA</b>	<b>54</b>	<b>51</b>	<b>102</b>	<b>95</b>
<b>Adjusted EBITDA</b>	<b>56</b>	<b>60</b>	<b>104</b>	<b>104</b>

*Net sales.* Net sales increased by 4% to €321 million for the second quarter ended June 30, 2007 compared to the second quarter of €312 million ended June 30, 2006 and by also 4% to €607 million for the six months ended June 30, 2007 compared to the six months of €586 million ended June 30, 2006. The increase in net sales in both periods was primarily due to an increase in net sales in Southeast Asia, China and Eastern Europe, which was partially offset by a decrease in net sales in Germany due to a decrease in volume sold – to a higher extent in second quarter than in first quarter – and price pressure. The increase in sleeves sales was partially offset by a decrease in sales of filling machines. Due to seasonality both second quarters were significantly higher than in first quarter.

*Total operating expenses.* Total operating expenses increased both by 3% to €271 million (83% of total operating income) for the second quarter ended June 30, 2007 compared to €263 million (84% of total operating income) for the second quarter ended June 30, 2006 and to €513 million (83% of total operating income) for the six months ended June 30, 2007 compared to €496 million (84% of total operating income) for the six months ended June 30, 2006. This increase in operating expenses is associated with the increase in net sales. Total operating expenses for both the second quarter and the six months ended June 30, 2007 include one-off expenses of €2 million, reflected in personnel costs (€ million redundancy costs). Total operating expenses for both the second quarter and the six months ended June 30, 2006 include one-off expenses of € million, reflected in personnel costs (€ million for redundancy costs) and in other operating expenses (€ million costs caused by the shutdown of the production facility in Newcastle (UK)).

*Raw materials, supplies and services.* Expenses for raw material, supplies and services increased by 16% to €174 million (54% of total operating income) for the second quarter ended June 30, 2007 from €150 million (48% of total operating income) for the second quarter ended June 30, 2006) and by 3% to €318 million (52% of total operating income) for the six months ended June 30, 2007 from €309 million (52% of total operating income) for the six months ended June 30, 2006). The significant higher material share to total operating income of 54% in second quarter ended June 30, 2007 increase in inventories of semi-finished and finished goods of 3%. Lower material expenses due to a lower production of filling machines in both the second quarter and the six months ended June 30, 2007 are partially offset by higher raw material prices for raw carton board, PE and especially Aluminum, which increased by a combined € million for the second quarter respectively € million for the six months ended June 30, 2007 over the cost of an equivalent volume of these raw materials in the comparative period.

*Personnel costs.* Personnel costs of €54 million (17% of total operating income) and €55 million (18% of total operating income) for the second quarter ended June 30, 2007 and 2006, respectively. Personnel costs for the six months ended June 30, 2007 and 2006 amounted to €102 million (17% of total operating income) and €103 million (17% of total operating income) respectively. The second quarter and as well the six months ended June 30, 2007 include one-off redundancy costs of €2 million. The second quarter and as well the six months ended June 30, 2006 include one-off redundancy costs of € million for the shutdown of the production facility in Newcastle (UK).

**Results and Financial Condition (continued)**

*Combibloc Segment (continued)*

*Other operating expenses.* Other operating expenses increased by 5% to €68 million (21% in total operating income) in second quarter ended June 30, 2007 from to €65 million (21% in total operating income) in second quarter ended June 30, 2006 and by 13% to €35 million (22% in total operating income) in six months ended June 30, 2007 from to €20 million (20% in total operating income) in six months ended June 30, 2006. The increases in both periods of fiscal year 2007 were primarily due to an increase in customer marketing allowances paid to support sales of carton sleeves, higher energy costs, higher freight costs, higher sales-promotional costs and also exchange rate losses. The second quarter and as well the six months ended June 30, 2006 include one-off costs of €4 million for the shutdown of the production facility in Newcastle (UK).

*EBITDA.* EBITDA increased by 6% from €51 million (16% of total operating income) for the second quarter ended June 30, 2006 to €54 million (17% of total operating income) in second quarter ended June 30, 2007 and by 7% from €95 million (16% of total operating income) for the six months ended June 30, 2006 to €102 million (17% of total operating income) in six months ended June 30, 2007. This increase was due to the reasons described above.

*Adjusted EBITDA.* Adjusted EBITDA, which differs to the ordinary EBITDA in the exclusion of one-off items, decreased by 7% from €60 million (19% of total operating income) for the second quarter ended June 30, 2006 to €56 million (17% of total operating income) in second quarter ended June 30, 2007 and amounted to €104 million for both periods in the six months ended June 30, 2007 and 2006, representing 17% respectively 18% of total operating income.

**Results and Financial Condition (continued)**
*Beverages Segment*

(in €millions)	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
			(unaudited)	
Net Sales	44	36	83	63
Income from associated companies	-	-	-	-
Other operating income	<u>2</u>	<u>-</u>	<u>3</u>	<u>1</u>
<b>Total operating income</b>	<b>46</b>	<b>36</b>	<b>86</b>	<b>64</b>
Changes in inventories of finished goods & WIP	(3)	2	3	6
Own work capitalised	-	1	-	1
Raw materials, supplies & services	(23)	(22)	(50)	(36)
Personnel costs	(9)	(10)	(17)	(20)
Other operating expenses	(8)	(8)	(15)	(15)
Operational financial income from third parties	-	1	-	1
<b>Total operating expenses</b>	<b>(43)</b>	<b>(36)</b>	<b>(79)</b>	<b>(63)</b>
<b>EBITDA</b>	<b>3</b>	<b>-</b>	<b>7</b>	<b>1</b>
<b>Adjusted EBITDA</b>	<b>3</b>	<b>-</b>	<b>7</b>	<b>1</b>

*Net sales.* Net sales increased by 22% to €44 million for the second quarter ended June 30, 2007 compared to the second quarter of €36 million ended June 30, 2006 and by also 32% to €83 million for the six months ended June 30, 2007 compared to the six months of €63 million ended June 30, 2006. The growth was primarily driven by higher sales of stretch blow molding machines and related services of SIG Corpoplast and a significant increase in the sale of linear aseptic filling machines and lines of SIG Asbofill. Net sales of the second quarter and the six months ended June 30, 2006 still include €7 million respectively €9 million of net sales associated with the Cantec can business that was sold in September 2006.

*Total operating expenses.* Total operating expenses increased by 19% to €43 million (94% of total operating income) for the second quarter ended June 30, 2007 compared to €36 million (100% of total operating income) for the second quarter ended June 30, 2006 and by 25% to €79 million (92% of total operating income) for the six months ended June 30, 2007 compared to €63 million (98% of total operating income) for the six months ended June 30, 2006.

Total operating expenses of the second quarter and the six months ended June 30, 2006 still include €5 million respectively €10 million of total operating expenses associated with the Cantec can business that was sold in September 2006. The key changes in the components of total operating expenses were as follows:

*Raw materials, supplies and services.* Expenses for raw material, supplies and services increased by 5% to €23 million (50% of total operating income) for the second quarter ended June 30, 2007 from €22 million (61% of total operating income) for the second quarter ended June 30, 2006 and by 39% to €50 million (58% of total operating income) for the six months ended June 30, 2007 from €36 million (56% of total operating income) for the six months ended June 30, 2006. The significant lower material share to total operating income of 50% in second quarter ended June 30, 2007 compared to second quarter ended June 30, 2006 is due to an increase in work in progress of 6%.

*Personnel costs.* Personnel costs decreased by 10% to €9 million (20% of total operating income) for the second quarter ended June 30, 2007 from €10 million (28% of total operating income) for the second quarter ended June 30, 2006 and by 15% to €17 million (20% of total operating income) for the six months ended June 30, 2007 from €20 million (31% of total operating income) for the six months ended June 30, 2006. When excluding the personnel costs in both periods of 2006 of €2 million respectively €4 million attributable to the Cantec can business, personnel costs slightly increased to prior year associated with the significant increase in net sales.

*Other operating expenses.* Other operating expenses were €8 million (17% and 22% of total operating income, respectively) for each of the second quarter ended June 30, 2007 and 2006 and €15 million (17% and 23% of total operating income, respectively) for each of the six months ended June 30, 2007 and 2006. When excluding other operating costs in both periods of 2006 of €1 million and €3 million respectively, attributable to the Cantec can business, other operating costs slightly increased to prior year associated with the significant increase in net sales.

**Results and Financial Condition (continued)**

***Beverages Segment (continued)***

*EBITDA.* EBITDA increased by from zero for the second quarter ended June 30, 2006 to €3 million (7% of total operating income) in second quarter ended June 30, 2007 and from €1 million (2% of total operating income) for the six months ended June 30, 2006 to €7 million (8% of total operating income) in six months ended June 30, 2007. This increase was primarily due to the significant increase in net sales.

*Adjusted EBITDA.* For the second quarter and six months ended June 30 of all periods there were no adjustments between EBITDA and Adjusted EBITDA.

**Liquidity and Capital Resources**

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

<b>(in €millions)</b>	<b>May 4, 2007 * to June 30, 2007</b>
Cash Flow from operating activities	(3)
Cash Flow from investing activities	(1,224)
Cash Flow from financing activities	1,329

\* Being the date of incorporation of BPI and BPII

- ***Cash Flow from operating activities***

Cash flows from operating activities for the six months ended June 30, 2007 was a net outflow of approximately €3 million. The net cash outflow includes interest expenses paid of €6 million on the senior credit facilities. Cash flow from operating activities also includes net cash outflows of approximately €7 million associated with the settlement of warranty claims in respect of discontinued operations. Cash inflows from operations were approximately €9 million after allowing for changes in net working capital.

- ***Cash Flow from investing activities***

Cash Flow used in investing activities for the six months ended June 30, 2007 was €1,224 million. Cash flows from the investing activities includes €1,179 million paid for the acquisition of the SIG Group, as well as €8 million of cash set aside in escrow accounts for the purchase of SIG shares which are not owned at June 30, 2007.

- ***Cash Flow from financing activities***

Cash flows from financing activities for the six months ended June 30, 2007 was a net inflow of approximately €1,329 million. The significant cash from financing activities is attributable to the issue of senior notes of €480 million, and the senior subordinated notes of €420 million. The drawdown of senior credit facilities, and subsequent prepayment of these facilities using the proceeds from the issue of the senior notes and senior subordinated notes, has resulted in a net cash inflow of €610 million. Offsetting these cash inflows is the outflow of €241 million for the acquisition of SIG bonds which have been repurchased in a tender offer.

**Material Commitments**

We believe that our existing cash resources and the anticipated cash flows from operations will provide sufficient liquidity over the next twelve months to meet our currently anticipated cash requirements. Our ability to generate sufficient cash depends on our future performance, which, to a certain extent, is subject to general economic, financial, competitive and other factors beyond our control. In addition, our future capital expenditures and other cash requirements could be higher than we currently expect as a result of various factors, including any acquisitions that we may complete. If this occurs, or if the amounts of our anticipated sources of cash are lower than expected, we may be required to seek additional external financing.

The following table summarizes the combined Group's material cash commitments as of June 30, 2007.

(in €millions)	Payments due by period as of June 30, 2007			
	Total	Less than 1 year	1-5 years	Over 5 years
<b>Contractual Obligations</b>				
Total debt <sup>1</sup>	1,510			1,510
Operating leases	21	6	11	4
Unconditional purchase obligations <sup>2</sup>	19	19	-	-
<b>Total contractual cash obligations</b>	<b>1,550</b>	<b>25</b>	<b>11</b>	<b>1,514</b>

1) Total debt consists of principal amounts only

2) Unconditional purchase obligations consist of capital expenditure obligations

The amounts shown in the table above represent existing contractual obligations at June 30, 2007. Most of our planned capital expenditures are not currently committed and, therefore, our future capital expenditures will substantially exceed the amounts shown above. In addition, our actual future expenditures for the other items shown above could exceed the amounts shown due to changes in our business, plans and operating results or other factors.

### Qualitative and quantitative disclosures about market risk

#### Interest rate risk

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

Our gross total debt as of June 30, 2007 totals €1,547 million, before unamortised debt issue costs. Of our gross total debt, €900 million has been borrowed at fixed interest rates. Our fixed interest debt is comprised of our:

- €480 million 8% senior notes due 2016;
- €420 million 9.5% senior subordinated notes due 2017;

Our floating interest debt is primarily comprised of our senior credit facilities due 2015 and 2016. As of June 30, 2007, we have €10 million outstanding under our senior credit facilities.

Subsequent to June 30, 2007, we have entered into interest rate swap agreements to hedge €305 million of our floating rate debt outstanding under our senior credit facilities. As a consequence of entering into these agreements, approximately only 20% of our senior debt facilities will be subject to fluctuations in interest rates.

Other than these facilities, our debt comprises a number of smaller working capital facilities extended to certain operating companies in the Group. These facilities can bear interest at floating or fixed rates.

In addition to our debt facilities, we currently also hold cash on deposit, which earns interest at floating rates. Interest rates earned on these cash deposits are subject to changes in interest rates in Europe. We do not currently intend to hedge our exposure to movements in interest rates earned on our cash on deposit.

#### Foreign Currency Exchange Rate Risk

Our operating group consists of an international group of companies headquartered in Switzerland. The currency used in most of our trading activities is euro. The currencies used in our major markets outside the European Union are the U.S.dollar, the Thai Baht and the Chinese renminbi. As a result, we are exposed to risk arising from movements in foreign currency exchange rates.

We from time to time hedge a portion of our foreign currency exchange rate risk.

#### Commodity Risk

We purchase certain raw material commodities such as raw cartonboard, PE resin, aluminum and steel. Other than cartonboard, we generally purchase these commodities at spot market prices. In general, we do not use commodity financial instruments or derivatives to hedge commodity prices. We enter into forward purchase arrangements as appropriate for a portion of our commodity requirements.

#### Pension Plans

The SIG Group sponsored thirteen pension plans as of December 31, 2006. Contributions are calculated based on a mandatory pension system in Switzerland and on the advice of the plans actuaries for the voluntary plans in other countries. Pension expense recognized in the profit and loss account amounted to €4.6 million in the year ended December 31, 2006. The final amount is determined annually by independent actuaries.

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

### **Critical accounting policies**

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

#### ***Accounting for the sale of filling machines***

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

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

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

We recognize revenues upon the sale of a filling machine to the third party finance company. In the event that the customer becomes insolvent, we are obliged to accept the return of the filling machine at a residual price. To date, we have never been required to accept the return of a filling machine due to customer insolvency. Under this third party lease method we provide a marketing allowance to the customer to offset the additional expense that they incur under the lease from the third party finance company.

#### ***Impairment of Goodwill, Intangible Assets and Property, Plant & Equipment***

We assess the impairment of goodwill, identifiable intangible and property, plant & equipment on a regular basis. Goodwill and any non-amortizing intangibles are assessed at least annually. Other non-current assets are tested when a trigger event may indicate the existence of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

In estimating future cash flows, we make estimates with respect to the useful lives of our assets. Changes in circumstances, including the relative cost efficiency of our production facilities, may cause us to change these estimates.

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

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

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

### **Critical accounting policies (continued)**

#### ***Accounting for Business Combinations***

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

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

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

In May 2007, BP I acquired 98.3% of the ordinary shares of SIG for the total purchase price of approximately €1.7 billion. We are currently in the process of allocating the total purchase price to the fair value of the acquired identifiable net assets and contingent liabilities. On a preliminary basis, management currently estimates that approximately €1.3 billion of the total purchase price will be allocated to goodwill.

The allocation of the purchase price to the fair value of acquired assets and liabilities involves assessments of the expected future cash flows associated with individual assets and liabilities and appropriate discount rates, as at the date of the acquisition. Subsequent changes in our assessments may trigger an impairment loss, which will be recognised in our income statement.

#### ***Income taxes***

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

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

#### ***Provisions***

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

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