

BEVERAGE PACKAGING HOLDINGS GROUP
UNAUDITED CONDENSED COMBINED INTERIM FINANCIAL INFORMATION
AS OF AND FOR EACH OF THE THREE MONTH AND NINE MONTH
PERIODS ENDED SEPTEMBER 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 unaudited combined interim financial information contains quarterly and nine 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 Standards, 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, any public announcements by SIG Holding Ltd and its controlled entities during the nine month period available on the website 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, www.bevpackholdings.com and the Offering Circular issued by BP II.

This condensed unaudited 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 September 30, 2007, BP I indirectly through BP III, held 98.3% of SIG’s shares. BP I, indirectly through BP III, completed the squeeze-out of the remaining publicly owned SIG shares on November 7, 2007, at which time SIG became a wholly-owned subsidiary of BP III. The shares of SIG were delisted from SWX Swiss Exchange as of November 2, 2007.

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 September 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 nine month periods ended September 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 nine month periods ended September 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 nine month periods ended September 30, 2007.

BEVERAGE PACKAGING HOLDINGS GROUP

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

Unaudited combined interim income statements.....	4
Unaudited combined interim balance sheets	5
Unaudited combined interim statement of cash flows.....	6
Unaudited combined interim statement of changes in equity	7
Notes to the unaudited combined interim financial statements	8

BEVERAGE PACKAGING HOLDINGS GROUP
UNAUDITED COMBINED INTERIM INCOME STATEMENTS

(in €millions)	Notes	3 months ended Sep 30, 2007	9 months ended Sep 30, 2007
		July 1, 2007 to Sep 30, 2007	May 4, 2007* to Sep 30, 2007
Net sales		341	538
Income from associated companies		-	-
Other operating income		12	17
Operating income		353	555
Changes in inventories of finished goods & WIP		(5)	(3)
Own work capitalized		8	11
Raw materials, supplies and services		(165)	(259)
Personnel costs		(68)	(113)
Other operating expenses		(60)	(100)
Operating profit before depreciation and amortisation (EBITDA)	2	63	91
Depreciation of property, plant & equipment		(21)	(32)
Amortisation of intangible assets		(6)	(9)
Operating profit/ loss (EBIT)	2	36	50
Financial income		-	2
Financial expense		(32)	(67)
Net Financial expense		(32)	(65)
Profit/ (loss) before tax (EBT)		4	(15)
Income tax expenses		(9)	(13)
Profit / (loss)		(5)	(28)
Profit attributable to minorities		-	-
Profit/ (loss) attributable to equity holders		(5)	(28)

* 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 Sep 30, 2007*
Assets		
Investment properties		81
Land and buildings		95
Machines, plants and other		177
Leased assets (Lessor)		76
Plants under construction		42
Total property, plant and equipment		<u>471</u>
Goodwill		1,242
Rights to supply		64
Other		8
Total intangible assets		<u>1,314</u>
Interests in associated companies		13
Other financial interests		4
Long-term receivables		32
Total financial assets		<u>49</u>
Deferred tax assets		28
Total non-current assets		<u>1,862</u>
Inventories	3	172
Trade receivables		111
Other receivables		91
Available for sale financial assets		9
Cash & cash equivalents		71
Cash in escrow		36
Total current assets		<u>490</u>
Total assets		<u><u>2,352</u></u>
Equity and liabilities		
Share capital	5	405
Retained earnings		(28)
Foreign currency translation reserve		(5)
Equity attributable to shareholders		<u>372</u>
Minority interests		-
Total equity		<u>372</u>
Deferred tax liabilities		32
Long-term provisions		161
Long-term financial liabilities	4	1,465
Total long-term liabilities		<u>1,658</u>
Short-term financial liabilities		12
Advance payments by customer		16
Trade payables		52
Short-term provisions		33
Accruals for contractual obligations to complete		72
Current tax liabilities		17
Other short-term liabilities		120
Total short-term liabilities		<u>322</u>
Total liabilities		1,980
Total equity and liabilities		<u><u>2,352</u></u>

*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 Sep 30, 2007	9 months ended Sep 30, 2007
		July 1, 2007 to Sep 30, 2007	May 4, 2007* to Sep 30, 2007
Cash flow from operating activities			
EBITDA		63	91
Adjustments for:			
Profit from sale of property plant & equipment (-)		-	(1)
Change in net working capital		(20)	(8)
Change in provisions		(5)	(28)
Interest paid		(23)	(39)
Interest received		1	1
Income tax paid		(6)	(9)
Total		10	7
Cash flow from investing activities			
Acquisition of subsidiaries	6	-	(1,179)
Acquisition of subsidiaries – escrow	6	-	(28)
Escrow cash held for repurchase of bonds		-	(7)
Purchase of property, plant and equipment (-)		(31)	(44)
Sale of property, plant and equipment (+)		1	4
Purchase (-) / sale (+) of intangible assets		(3)	(7)
Repayment (+) / Increase (-) of loans		(4)	1
Purchase (-) / sale (+) of securities		1	(2)
Interest on securities		-	2
Total		(36)	(1,260)
Cash flow from financing activities			
Drawdown of senior secured debt		-	1,510
Proceeds from issue of shares		-	123
Proceeds from issue of high yield notes		-	900
Repayment of senior subordinated bridge facility		-	(770)
Repayment of senior debt		-	(130)
Debt fees paid		(6)	(62)
Capital increases (+) consolidated companies		8 1)	3
Repayment of other borrowings		(5)	(248)
Total		(3)	1,326
Changes in cash and cash equivalents continuing		(29)	73
Currency translation differences on cash		(15) 1)	(2)
Cash and cash equivalents at beginning of period		115	-
Cash and cash equivalents at end of period		71	71

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

1) refers to a reclassification of entries in June 2007, resulting from a capital increase within the consolidation circle (+8€million capital increase, -8€currency translation differences)

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	Foreign currency translation reserve	Equity interest of the Parent	Minority Interest	Total Equity
Three months ended Sep 30, 2007							
As of July 1, 2007		405	(23)	-	382	-	382
Additional contribution of equity	5	-	-	-	-	-	-
Currency translation differences		-	-	(5)	(5)	-	(5)
Net income / expense recognized directly in equity		405	(23)	(5)	377	-	377
Profit / (loss) of the period		-	(5)	-	(5)	-	(5)
Total recognized income and expense		-	(5)	-	(5)	-	(5)
As of September 30, 2007		405	(28)	(5)	372	-	372

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

(in €millions)	Note	Share capital	Retained earnings	Foreign currency translation reserve	Equity interest of the Parent	Minority Interest	Total Equity
Nine months ended Sep 30, 2007							
As of May 4, 2007*							
Additional contribution of equity	5	405	-	-	405	-	405
Currency translation differences		-	-	(5)	(5)	-	(5)
Net income / expense recognized directly in equity		405	-	(5)	400	-	400
Profit / (loss) of the period		-	(28)	-	(28)	-	(28)
Total recognized income and expense		-	(28)	-	(28)	-	(28)
As of September 30, 2007		405	(28)	(5)	372	-	372

* 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 SIG was acquired on May 11, 2007, no prior year 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 nine months ended September 30, 2007.

The unaudited condensed combined interim financial statements present the combination of the consolidated financial statements of BP I and its subsidiaries including BP III and 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 the BP I group 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.

(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 the BP I Group 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 and investment properties

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 leases 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 at note 1(d). 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, which 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 for 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 nine months ended September 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 combined 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:

- 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 September 30, 2007
 (being the period from July 1, 2007 to September 30, 2007)

(in €millions)	SIG Combibloc	SIG Beverages	Corporate / Services	Eliminations	Total
Net Sales - external	308	33	-	-	341
Net sales between segments	2	-	-	(2)	-
Net sales	310	33	-	(2)	341
Income from associated companies	-	-	-	-	-
Other operating income	4	2	16	(10)	12
Operating income	314	35	16	(12)	353
Operating profit before depreciation and amortisation (EBITDA)	56	4	5	(2)	63
Depreciation of property, plant and equipment	(20)	-	(1)	-	(21)
Amortisation of intangible assets	(5)	-	(1)	-	(6)
Operating profit/ (loss) (EBIT)	31	4	3	(2)	36
Financial income					-
Financial expense					(32)
Net financial expense					(32)
Profit/ (loss) before tax (EBT)					4
Income tax expenses					(9)
Profit / (loss) for the period					(5)
Attributable to minorities					-
Attributable to equity holders					(5)

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

NOTE 2. SEGMENT REPORTING (CONTINUED)

Nine months ended September 30, 2007
 (being the period from May 4*, 2007 to September 30, 2007)

(in €millions)	SIG Combibloc	SIG Beverages	Corporate / Services	Eliminations	Total
Net Sales - external	487	51	-	-	538
Net sales between segments	3	-	-	(3)	-
Net sales	490	51	-	(3)	538
Income from associated companies	-	-	-	-	-
Other operating income	6	4	25	(18)	17
Operating income	496	55	25	(21)	555
Operating profit before depreciation and amortisation (EBITDA)	88	6	-	(3)	91
Depreciation of property, plant and equipment	(30)	-	(2)	-	(32)
Amortisation of intangible assets	(8)	-	(1)	-	(9)
Operating profit/ (loss) (EBIT)	50	6	(3)	(3)	50
Financial income					2
Financial expense					(67)
Net financial expense					(65)
Profit/ (loss) before tax (EBT)					(15)
Income tax expenses					(13)
Profit / (loss) for the period					(28)
Attributable to minorities					-
Attributable to equity holders					(28)

* 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)	Sep 30, 2007
NOTE 3. INVENTORIES	
Raw material & manufacturing supplies	41
Work in progress and semi finished goods	48
Finished goods and merchandise	79
Advance payments to suppliers	4
Total	172

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)	Sep 30, 2007
NOTE 4. INTEREST BEARING LIABILITIES	
Non-current	
Secured	
Senior indebtedness	
Term loan facilities ^{(a) (c)}	592
Other ^(e)	4
Unsecured	
8% senior subordinated notes due 2016 ^{(b) (d)}	463
9 1/2% senior subordinated notes due 2017 ^{(b) (d)}	406
Total non current interest bearing liabilities	1,465
(a) Term borrowings	610
Unamortized discount and debt issue costs	(18)
	592
(b) Notes payable	900
Unamortized discount and debt issue costs	(31)
	869

- (c) On May 11, 2007 BP I, as Borrower and an Initial Guarantor, entered into a €25 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. On September 11, 2007 the revolving facility was drawn in the amount of €40 million in the form of bank guarantees.

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 of the term loan facilities under 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 break funding costs must be mandatorily repaid in certain circumstances.

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 September 30, 2007, margins are:

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

The interest rate payable as of September 30, 2007 was 6.692% in relation to Facility B, and 7.213% 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 BP II and the indirect shareholder of BP III, has 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 these 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^{1/2}% 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 SIG Holding 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 BP III. 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 was been made to the Supreme Court of the Canton of Schaffhausen to approve the redemption resolutions. Final Court approval was obtained on September 28, 2007. The 2008 bonds and the 2011 bonds were redeemed on November 13, 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 September 30, 2007 the total outstanding principal of the 2008 bonds and the 2011 bonds that was not owed to BP III was CHF 11.8 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.
- (h) On September 11, 2007 certain Austrian and German subsidiaries of SIG Holding AG became borrowers under the Senior Facilities Agreement and in connection therewith BP I repaid in full amounts it owed under the Senior Facilities Agreement. BP I no longer owes amounts as borrower under the Senior Facilities Agreement but remains a guarantor and security provider under that agreement. On September 11, 2007 the Austrian and German subsidiaries of SIG Holding AG guaranteed the Senior Facilities Agreement and security comprising (with limited exceptions) certain material assets of these guarantors has been given to support the obligations under the guarantees and to the extent applicable, the obligations as borrowers. In November 2007 the Swiss, U.S, Guernsey, UK and Luxembourg subsidiaries of SIG Holding AG and SIG Holding AG guaranteed the Senior Facilities Agreement and security comprising (with limited exceptions) certain material assets of these guarantors has been given to support the obligations under the guarantees.

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.

Certain other subsidiaries of SIG (including subsidiaries that have guaranteed the Senior Facilities Agreement) are required to become guarantors of the Notes as soon as practical after the completion of the squeeze-out, but in any event prior to February 5, 2008. We expect the Austrian, German, UK, US, Guernsey, Swiss and Luxembourg subsidiaries of SIG Holding AG and SIG Holding AG to become guarantors of the Notes prior to December 31, 2007.

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

(in €millions)

Sep 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

-

Combined Group

405

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

BP I	Number of shares	€million
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 September 30, 2007	13,063,527	405

The par value of each BP I share is €1 and has been paid in full.

BP I was incorporated in Luxembourg on May 4, 2007, with an initial share capital of €1,000 representing 1,000 shares issued at €1 per share. On May 8, 2007 BP I received an additional contribution of equity from Rank. The additional equity comprised cash of €20 million and the contribution of an initial 16.6% interest in SIG with a cost of €285 million. In return for the equity contribution, BP I issued 13,063,527 new shares, each with par value of €1. The original 1,000 shares were then cancelled.

Holder 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 ordinary shareholders rank after secured and unsecured creditors and are fully entitled to the balance of any proceeds on liquidation.

BP II	Number of shares	€
Ordinary shares at May 4, 2007, being date of incorporation	1,000	31,000
Ordinary shares at September 30, 2007	1,000	31,000

The par value of each BP II share is €1 and has been paid in full.

Holder 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 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 I and BP II, consummated its public tender offer for all publicly traded shares of SIG, which were 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 completed the squeeze-out of the remaining publicly owned SIG shares on November 7, 2007 and SIG became a wholly-owned subsidiary of BP III.

SIG has contributed net sales and net profit of €341 million and €21 million, respectively, to the combined Group's net profit for the three months period ended September 30, 2007 and net sales and net profit of €1'024 million and €64 million, respectively, for the nine months period ended September 30, 2007. For pro forma combined income statements for the three and nine months ended September 30, 2007, and the year ended December 31, 2006 giving effect to the SIG acquisition as if it had occurred on January 1, 2006, refer to part II (Unaudited proforma combined financial information for the Beverage Packaging Holdings Group) of this report.

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 and investment properties	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
Total purchase price including acquisition costs (1)			1,692
Net debt (acquired) (1)			89
Net consideration (1)			1,781

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

1) The acquisition of SIG leaves following effect in the unaudited combined interim statement of cash flow (see also page 6):

Net consideration as shown above	1,781
Net debt acquired	(89)
Total consideration paid by Rank and the Group	1,692
Less Shares contributed by Rank on incorporation of BP I for non cash consideration	(285)
Less Cash acquired	(195)
Less Acquisition costs net yet paid	(5)
Net Cash paid for the acquisition of subsidiaries (including escrow)	1,207

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)

Sep 30, 2007

NOTE 7. COMMITMENTS

Capital expenditure commitments⁽ⁱ⁾

Open commitments to acquire tangible fixed assets

19

Operating lease commitments⁽ⁱⁱ⁾

Under 1 year

6

1 to 5 years

11

Over 5 years

3

Total

20

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

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

NOTE 8. EVENTS SUBSEQUENT TO BALANCE DATE

With the exception of those matters as specified in notes 1 and 4 there have been no events subsequent to the September 30, 2007 which have a material effect and require disclosure in those financial statements.

NOTE 9. OTHER MATTERS

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 filling machines from a third party finance company, which leases the machine to customers, in the event that a customer becomes insolvent, exposes the Combined Group to a risk of a potential cash outflow of maximum €108 million as of September 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 September 30, 2007.....22

Unaudited proforma combined income statement for the nine months ended September 30, 2007.....23

Unaudited proforma combined income statement for the twelve months ended December 31, 2006.....24

Notes to the unaudited proforma combined financial statements25

BEVERAGE PACKAGING HOLDINGS GROUP
UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

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

As detailed in the Introduction to this financial report and Note 1 to the unaudited combined interim financial statements, 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^{1/2}% 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.

BP I, indirectly through BP III, completed the squeeze-out of the remaining publicly owned SIG shares on November 7, 2007, and SIG became a wholly-owned subsidiary of BP III.

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 nine months ended September 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 September 30, 2007

(in €millions)	Historical SIG ⁽¹⁾	Pro Forma Incorporation and capitalization of BP I ⁽²⁾	Adjustments for SIG acquisition ⁽³⁾	Adjustments for the notes ⁽⁴⁾	Pro Forma BP I Pro Forma ⁽⁵⁾ consolidated	BP II	Pro Forma Combined BP I/BP II ⁽⁶⁾
Net sales	341				341		341
Income from associated companies							
Other operating income	10				10		10
Operating income	351				351		351
Own work capitalized	8				8		8
Changes in inventories of finished goods and work in progress	(6)				(6)		(6)
Raw materials, supplies and services	(166)				(166)		(166)
Personnel costs	(68)				(68)		(68)
Other operating expenses	(60)				(60)		(60)
Operating profit/(loss) before depreciation and amortization (EBITDA)	59				59		59
Depreciation of property, plant and equipment	(22)		(a)		(22)	(a)	(22)
Amortization of intangible assets	(6)				(6)		(6)
Operating profit/(loss) (EBIT)	31				31		31
Financial income	3				3	20	3
Financial expenses	(5)	(9)	2	(21)	(33)	(20)	(33)
Debt waivers							
Net financial expenses	(2)	(9)	2	(21)	(30)		(30)
Profit on divestments							
Profit/(loss) before tax (EBT)	29	(9)	2	(21)	1		1
Income tax expenses	(8)	4		6	2		2
Profit/(loss) continuing	21	(5)	2	(15)	3		3
Profit/(loss) discontinued							
Profit/(loss)	21	(5)	2	(15)	3		3
Profit/(loss) attributable to minorities							
Profit/(loss) attributable to equity holders	21	(5)	2	(15)	3		3

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

Unaudited Pro Forma Combined Income Statement for the Nine Months Ended September 30, 2007

(in €millions)	Historical SIG ⁽¹⁾	Pro Forma Incorporation and capitalization of BP I ⁽²⁾	Adjustments for SIG acquisition ⁽³⁾	Adjustments for the notes ⁽⁴⁾	Pro Forma BP I consolidated	Pro Forma ⁽⁵⁾ BP II	Pro Forma Combined BP I/BP II ⁽⁶⁾
	1'024				1'024		1'024
Net sales							
Income from associated companies							
Other operating income	30				30		30
Operating income	1'054				1'054		1'054
Own work capitalized	30				30		30
Changes in inventories of finished goods and work in progress	15				15		15
Raw materials, supplies and services	(527)				(527)		(527)
Personnel costs	(210)				(210)		(210)
Other operating expenses	(197)				(197)		(197)
Operating profit/(loss) before depreciation and amortization (EBITDA)	165				165		165
Depreciation of property, plant and equipment	(61)		(1) ^(a)		(62) ^(a)		(62)
Amortization of intangible assets	(17)				(17)		(17)
Operating profit/(loss) (EBIT)	87		(1)		86		86
Financial income	8				8	59	8
Financial expenses	(11)	(42) ^(a)	6 ^(b)	(61) ^(a)	(108)	(59)	(108)
Debt waivers							
Net financial expenses	(3)	(42)	6	(61)	(100)		(100)
Profit on divestments							
Profit/(loss) before tax (EBT)	84	(42)	5	(61)	(14)		(14)
Income tax expenses	(20)	14 ^(b)		19 ^(b)	13		13
Profit/(loss) continuing	64	(28)	5	(42)	(1)		(1)
Profit/(loss) discontinued							
Profit/(loss)	64	(28)	5	(42)	(1)		(1)
Profit/(loss) attributable to minorities							
Profit/(loss) attributable to equity holders	64	(28)	5	(42)	(1)		(1)

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 ⁽¹⁾	Pro Forma Incorporation and capitalization of BP I ⁽²⁾	Adjustments for SIG acquisition ⁽³⁾	Adjustments for the notes ⁽⁴⁾	Pro Forma BP I consolidated	Pro Forma ⁽⁵⁾ BP II	Pro Forma Combined BP I/BP II ⁽⁶⁾
Net sales	1,349				1,349		1,349
Income from associated companies	(1)				(1)		(1)
Other operating income	39				39		39
Operating income	1,387				1,387		1,387
Own work capitalized	52				52		52
Changes in inventories of finished goods and work in progress	1				1 ^(a)		1
Raw materials, supplies and services	(702)				(702)		(702)
Personnel costs	(264)				(264)		(264)
Other operating expenses	(271)				(271)		(271)
Operating profit/(loss) before depreciation and amortization (EBITDA)	203				203		203
Depreciation of property, plant and equipment	(89)		(1) ^(a)		(90)		(90)
Amortization of intangible assets	(24)				(24)		(24)
Operating profit/(loss) (EBIT)	90		(1)		89		89
Financial income	9				9	78	9
Financial expenses	(13)	(52) ^(a)	11 ^(b)	(81) ^(a)	(135)	(78)	(135)
Debt waivers							
Net financial expenses	(4)	(52)	11	(81)	(126)		(126)
Profit on divestments	7				7		7
Profit/(loss) before tax (EBT)	93	(52)	10	(81)	(30)		(30)
Income tax expenses	(27)	18 ^(b)		26 ^(b)	17		17
Profit/(loss) continuing	66	(34)	10	(55)	(13)		(13)
Profit/(loss) discontinued							
Profit/(loss)	66	(34)	10	(55)	(13)		(13)
Profit/(loss) attributable to minorities							
Profit/(loss) attributable to equity holders	66	(34)	10	(55)	(13)		(13)
	66	(34)	10	(55)	(13)		(13)

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 nine months ended September 30, 2007 has been derived from the unaudited interim consolidated income statements of SIG.

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

(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 Sept 30, 2007	9 months ended Sept 30, 2007	Year ended December 31, 2006
	(in €millions)		
Senior credit facilities: term loan B—€05 million at 6.11%	(4)	(14)	(19)
Senior credit facilities: term loan C—€05 million at 6.36%	(5)	(15)	(19)
Amortization of senior subordinated bridge facility costs ⁽ⁱ⁾	-	(12)	(12)
Amortization of other debt issuance costs ⁽ⁱⁱ⁾	-	(1)	(2)
Total pro forma interest expense⁽ⁱⁱⁱ⁾	(9)	(42)	(52)

(i) Reflects expensed debt issuance costs of €2 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 nine 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 €4 million in the three and nine months ended September 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 €0.9 million for the three and nine months ended September 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 €6 million for the three and nine months ended September 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 Sept 30, 2007	9 months ended Sept 30, 2007	Year ended December 31, 2006
	(in €millions)		
€00 million proceeds loan	(20)	(59)	(78)
Amortization of debt issuance costs	(1)	(2)	(3)
Pro forma interest expense	(21)	(61)	(81)

(b) The pro forma interest expense gives rise to a tax benefit of €6 million and €19 million in the three and nine months ended September 30, 2007 respectively, and a tax benefit of €26 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:

	3 months ended Sept 30, 2007	9 months ended Sept 30, 2007	Year ended December 31, 2006
	(in €millions)		
€900 million notes offered hereby	(20)	(59)	(78)

The proceeds loan from BP II to BP I gives rise to additional interest income of €20 million and €9 million for the three and nine months ended September 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

Results and financial condition.....	28
Liquidity and capital resources.....	36
Material commitments.....	37
Qualitative and quantitative disclosures about market risk	38
Critical accounting policies	39

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 materially 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 Polyethylene, 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 September, 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**
- **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 September 30, 2007 compared to three months ended September 30, 2006

Nine months ended September 30, 2007 compared to nine months ended September 30, 2006

The condensed combined interim financial information contains quarterly and nine 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^{1/2}% 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.

BP I, indirectly through BP III, completed the squeeze-out of the remaining publicly owned SIG shares on November 7, 2007, and SIG became a wholly-owned subsidiary of BP III.

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 September 30, 2007 is preliminary (consistent with the disclosures at 30 June 2007) 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 September 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 nine months ended September 30, 2007 are also set out below.

Beverage Packaging Holdings Group

For the period since incorporation to September 30, 2007, the combined Group generated €38 million in net sales, EBITDA of €1 million and EBIT of €0 million, principally reflecting the operating results of the SIG Group from May 11, 2007, the date of acquisition, to September 30, 2007.

The combined Group incurred net financial expenses of €65 million since incorporation to September 30, 2007, primarily reflecting the interest expenses incurred on the combined Group's senior credit facilities and the Notes. Interest expense also includes approximately €6million of debt issue costs which have been amortized following the repayment of the senior subordinated bridge facility.

The combined Group incurred a net loss after tax of €28 million, primarily as a consequence of the factors outlined above.

Results and Financial Condition (continued)
SIG Group

(in €millions)	Three months ended Sep 30,		Nine months ended Sep 30,	
	2007	2006	2007	2006
			(unaudited)	
Net Sales	341	345	1'024	991
Income from associated companies	-	(1)	-	(1)
Other operating income	<u>10</u>	<u>12</u>	<u>30</u>	<u>26</u>
Total operating income	351	356	1'054	1'016
Changes in inventories of finished goods & WIP	(6)	12	15	18
Own work capitalized	8	(7)	30	29
Raw materials, supplies & services	(166)	(172)	(527)	(514)
Personnel costs	(68)	(64)	(210)	(200)
Other operating expenses	(60)	(67)	(197)	(197)
Total operating expenses	(292)	(298)	(889)	(864)
EBITDA	59	58	165	152
Depreciation of property, plant and equipment	(22)	(18)	(61)	(67)
Amortization of intangible assets	(6)	(6)	(17)	(17)
EBIT	31	34	87	68
Adjusted EBITDA	63	57	172	160

Three months ended September 30

Net sales. Net sales decreased by 1% to €341 million for the third quarter ended September 30, 2007 compared to €345 million for the third quarter ended September 30, 2006. The key driver of the decrease (€7 million) can be attributed to the sale of SIG Cantec (an entity within the SIG Beverages Group) which was disposed of during September 2006.

During September 2007 SIG Combibloc faced an unexpected slowdown in volume (after taking into consideration seasonal factors) in its Western Europe sales, caused by lower demands for sleeves, resulting from significant price increases in juice and milk materials.

Total operating income for the third quarter ended September 30, 2007 benefited from a one-off amount of €1 million resulting from the sale of real estate in Brazil.

Total operating expenses. Total operating expenses decreased by 2% to €292 million (83% of total operating income) for the third quarter ended September 30, 2007 compared to €298 million (84% of total operating income) for the third quarter ended September 30, 2006. In addition total operating expenses for the third quarter ended September 30, 2007 include one-off expenses of €5 million, reflected in personnel costs (€4 million for redundancy costs) and €1 million in other operating expenses. Total operating expenses for the third quarter ended September 2006 did not include any one-off expenses, however €6 million of operating expenses is attributed to SIG Cantec which was disposed of during September 2006.

EBITDA. EBITDA increased by 2% from €58 million (16% of total operating income) for the third quarter ended September 30, 2006 to €59 million (17% of total operating income) in third quarter ended September 30, 2007, reflecting a higher profitability due to lower operating expenses.

Adjusted EBITDA. Adjusted EBITDA, which differs to the ordinary EBITDA in the exclusion of one-off items, increased by 11% from €57 million (16% of total operating income) for the third quarter ended September 30, 2006 to €63 million (18% of total operating income) for the third quarter ended September 30, 2007.

Depreciation of property, plant and equipment. Depreciation of property, plant and equipment increased by €4 million to €22 million for the third quarter ended September 30, 2007 from €18 million for the third quarter ended September 30, 2006. This increase is the result of the expansion of the plant and production facilities in the current year in SIG Combibloc.

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

Nine months ended September 30

Net sales. Net sales increased by 3% to €1'024 million for the nine months ended September 30, 2007 compared to €91 million for the nine months ended September 30, 2006, even though the previous period includes €5 million net sales attributable to SIG Cantec, sold as noted above at the end of September 2006. Net Sales across both of the business segments continues to be strong, with high growth level being achieved by the SIG Beverages.

Total operating income for the nine months ended September 30, 2007 benefited from a one-off amount of €1 million resulting from the sale of real estate in Brazil.

Total operating expenses. Total operating expenses increased by 3% to €89 million (84% of total operating income) for the nine months ended September 30, 2007 compared to €64 million (85% of total operating income) for the nine months ended September 30, 2006. Total operating expenses for the nine months ended September 2007 include one-off expenses of €20 million, reflected in personnel costs (€14 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 €3 million other costs), which have been off-set by a one-off release from the provision for Representations & Warranties of €2 million.

Total operating expenses for the nine months ended September 2006 include one-off expenses of €9 million, reflected in personnel costs (€3 million for redundancy costs) and in other operating expenses (€6 million costs caused by the shutdown of SIG Combibloc's production facility in Newcastle [UK]). In addition €4 million in operating expenses is attributed to SIG Cantec, which was sold at the end of September 2006.

EBITDA. EBITDA increased by 13% from €52 million (15% of total operating income) for the nine months ended September 30, 2006 to €65 million (16% of total operating income) for the nine months ended September 30, 2007, increasing profitability due to slightly higher margins.

Adjusted EBITDA. Adjusted EBITDA, which differs to the ordinary EBITDA in the exclusion of one-off items, increased by 8% from €60 million (16% of total operating income) for the nine months ended September 30, 2006 to €72 million (16% of total operating income) for the nine months ended September 30, 2007, representing a slightly higher profitability due to relatively lower operating expenses.

Depreciation of property, plant and equipment. Depreciation of property, plant and equipment decreased by €6 million to €61 million for the nine months ended September 30, 2007 from €67 million for the nine months ended September 30, 2006. This decrease is due to a €6 million extraordinary depreciation charge resulting from the closure of SIG Combibloc's plant in Newcastle (UK) during the period.

Amortization of intangible assets. Amortization of intangible assets was €7 million for each of the nine months ended September 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 Sep 30,		Nine months ended Sep 30,	
	2007	2006	2007	2006
			(unaudited)	
Net Sales	310	302	917	888
Income from associated companies	-	-	-	-
Other operating income	<u>4</u>	<u>5</u>	<u>12</u>	<u>10</u>
Total operating income	314	307	929	898
Changes in inventories of finished goods & WIP	(12)	13	6	13
Own work capitalized	8	(7)	30	28
Raw materials, supplies & services	(148)	(150)	(466)	(459)
Personnel costs	(49)	(48)	(151)	(151)
Other operating expenses	(57)	(61)	(192)	(181)
Operational financial income from third parties	-	1	2	2
Total operating expenses	(258)	(252)	(771)	(748)
EBITDA	56	55	158	150
Adjusted EBITDA	57	55	164	159

Three months ended September 30

Net sales. Net sales increased by 3% to €310 million for the third quarter ended September 30, 2007 compared to €302 million for the third quarter ended September 30, 2006. The increase in net sales was primarily due to an increase in net sales in Southeast Asia, China and Eastern Europe, which was partially offset by a strong decrease in net sales in Germany. The month of September 2007 showed an unexpected slowdown in volume (after taking into consideration seasonal factors) in the Western Europe sales, caused by lower demands for sleeves resulting from significant price increases in juice and milk materials. The increase in sleeves sales was partially offset by lower sales of filling machines, caused by a different model structure of filler placement (less sold fillers through the sale and lease back model).

Total operating expenses. Total operating expenses increased by 2% to €258 million (82% of total operating income) for the third quarter ended September 30, 2007 compared to €252 million (82% of total operating income) for the third quarter ended September 30, 2006. This increase in operating expenses is associated with the increase in net sales. Total operating expenses for the third quarter include one-off expenses of €1 million for redundancy costs.

Raw materials, supplies and services. Expenses for raw material, supplies and services decreased by 1% to €148 million (47% of total operating income) for the third quarter ended September 30, 2007 from €150 million (49% of total operating income) for the third quarter ended September 30, 2006. The lower material share to total operating income of 47% for the third quarter ended September 30, 2007 compared to 49% for the third quarter ended September 30, 2006 is explainable by a net decrease in inventories of semi-finished and finished goods and own work capitalized of 1% of total operating income, whereas the previous period showed a net increase in inventories of semi-finished and finished goods and own work capitalized of 2% of total operating income. Lower material expenses due to a lower production of filling machines in the third quarter ended September 30, 2007 are partially offset by higher raw material prices for raw carton board, Polyethylene and Aluminum, which have increased by €5 million in total over the cost of an equivalent volume of these raw materials in the comparative period. The third quarter ended September 30, 2006 includes one-off material costs of €2 million for the shutdown of the production facility in Newcastle (UK).

Personnel costs. Personnel costs for the third quarter ended September 30, 2007 and 2006 amounted to €49 million (16% of total operating income) and €48 million (16% of total operating income) respectively.

Other operating expenses. Other operating expenses decreased by 7% to €57 million (18% in total operating income) during the third quarter ended September 30, 2007 from €61 million (20% in total operating income) as compared to the same period ended September 30, 2006, mainly due to lower overhead costs.

EBITDA. EBITDA increased by 2% from €55 million (18% of total operating income) for the third quarter ended September 30, 2006 to €56 million (18% of total operating income) in third quarter ended September 30, 2007. This increase is attributed to the operating factors as outlined above.

Adjusted EBITDA. Adjusted EBITDA, which differs to the ordinary EBITDA in the exclusion of one-off items, increased by 4% from €55 million (18% of total operating income) for the third quarter ended September 30, 2006 to €57 million (18% of total operating income) in third quarter ended September 30, 2007.

Nine months ended September 30

Net sales. Net sales increased by 3% to €17 million for the nine months ended September 30, 2007 compared to €88 million for the nine months ended September 30, 2006. The increase in net sales was primarily due to an increase in net sales in Southeast Asia, China and Eastern Europe, which was partially offset by an expected decrease in net sales in Germany attributable to a reduction in sales volume driven by a higher share of small formats and market price pressures but also caused – since September - by lower demands for sleeves resulting from significant price increases in juice and milk materials.

The increase in sleeves sales was partially offset by lower sales of filling machines, caused by lower volumes sold but also caused by a different model structure of filler placement (less sold fillers through the sale and lease back model).

Total operating expenses. Total operating expenses increased by 3% to €771 million (83% of total operating income) for the nine months ended September 30, 2007 compared to €748 million (83% of total operating income) for the nine months ended September 30, 2006. This increase in operating expenses is associated with the increase in net sales. Total operating expenses for the nine months ended September 30, 2007 include one-off expenses of €3 million for redundancy costs and €3 million for other costs. Total operating expenses for the nine months ended September 30, 2006 include one-off expenses of €9 million, reflected in personnel costs (€3 million for redundancy costs) and in other operating expenses (€6 million costs caused by the closure of the production facility in Newcastle (UK)).

Raw materials, supplies and services. Expenses for raw material, supplies and services increased by 2% to €466 million (50% of total operating income) for the nine months ended September 30, 2007 from €459 million (51% of total operating income) for the nine months ended September 30, 2006. Lower material expenses due to a lower production of filling machines in the nine months ended September 30, 2007 are partially offset by higher raw material prices for raw carton board, Polyethylene and Aluminum, which have increased by €3 million over the cost of an equivalent volume of these raw materials in the comparative period. The nine months ended September 30, 2006 include one-off material costs of €2 million for the shutdown of the production facility in Newcastle (UK).

Personnel costs. Personnel costs were €151 million for each of the nine month period ended September 30, 2007 and 2006 (16% and 17% of total operating income, respectively). Included in those costs for the nine months ended September 30, 2007 were one-off redundancy costs of €2 million, whilst for the period ended September 30, 2006 personnel costs include one-off redundancy costs of €2 million and €3 million for the shutdown of the production facility in Newcastle (UK).

Other operating expenses. Other operating expenses increased by 6% to €92 million (21% in total operating income) for the nine months ended September 30, 2007 from to €81 million (20% in total operating income) for the nine months ended September 30, 2006. The increases for the nine months ended September 30, 2007 is primarily due to an increase in customer marketing allowances paid to support sales of carton sleeves combined with higher energy, freight, and sales-promotional costs and exchange rate losses. Both the nine months ended September 30, 2007 and September 30, 2006 include one-off costs of €3 million for an extraordinary value adjustment of a prototype machine and €4 million for the shutdown of the production facility in Newcastle (UK), respectively.

EBITDA. EBITDA increased by 5% from €150 million (17% of total operating income) for the nine months ended September 30, 2006 to €158 million (17% of total operating income) for the nine months ended September 30, 2007. This increase is attributed to the operating factors as outlined above.

Adjusted EBITDA. Adjusted EBITDA, which differs to the ordinary EBITDA in the exclusion of one-off items, increased by 3% from €159 million (18% of total operating income) for the nine months ended September 30, 2006 to €164 million for the nine months ended September 30, 2007.

Results and Financial Condition (continued)
Beverages Segment

(in €millions)	Three months ended Sep 30,		Nine months ended Sep 30,	
	2007	2006	2007	2006
	(unaudited)			
Net Sales	33	44	116	107
Income from associated companies	-	(1)	-	(1)
Other operating income	<u>2</u>	<u>2</u>	<u>5</u>	3
Total operating income	35	45	121	109
Changes in inventories of finished goods & WIP	6	(1)	9	5
Own work capitalized	-	-	-	1
Raw materials, supplies & services	(20)	(23)	(70)	(59)
Personnel costs	(9)	(9)	(26)	(29)
Other operating expenses	(8)	(8)	(23)	(23)
Operational financial income from third parties	-	-	-	1
Total operating expenses	(31)	(41)	(110)	(104)
EBITDA	4	4	11	5
Adjusted EBITDA	3	3	10	4

Three months ended September 30

Net sales. Net sales decreased by 25% to €33 million for the third quarter ended September 30, 2007 compared to €44 million for the third quarter ended September 30, 2006 and. The decrease in net sales for the third quarter ended September 30, 2007 is attributed in part (€1 million) to SIG Cantec which was disposed during September 2006.

Net sales of the third quarter ended September 30, 2006 include €1 million of net sales associated with the Cantec can business that was sold during September 2006.

Total operating income for the third quarter ended September 30, 2007 benefited from a one-off amount of €1 million resulting from the sale of a real estate in Brazil.

Total operating expenses. Total operating expenses decreased by 24% to €31 million (89% of total operating income) for the third quarter ended September 30, 2007 compared to €41 million (100% of total operating income) for the third quarter ended September 30, 2006. Total operating expenses of the third quarter ended September 30, 2006 include €6 million associated with the Cantec can business that was disposed of during September 2006.

Raw materials, supplies and services. Expenses for raw material, supplies and services decreased by 13% to €20 million (57% of total operating income) for the third quarter ended September 30, 2007 from €23 million (51% of total operating income) for the third quarter ended September 30, 2006. The significant higher material charge to total operating income of 57% for the third quarter ended September 30, 2007 compared to third quarter ended September 30, 2006 is due to an increase of work in progress, not included in total operating income which represented 17% of total operating income.

Personnel costs. Personnel costs were €9 million for each of the third quarter ended September 30, 2007 and 2006 (26% and 20% of total operating income, respectively). When excluding the personnel costs of €2 million for the third quarter ended September 30, 2006 attributable to the Cantec can business, personnel costs increased to prior year associated with the increase in net sales.

Other operating expenses. Other operating expenses were €8 million (23% and 18% of total operating income, respectively) for each of the third quarter ended September 30, 2007 and 2006. When excluding other operating costs in third quarter ended September 30, 2006 of €1 million attributable to the Cantec can business, other operating costs increased to prior year associated with the increase in net sales.

EBITDA. EBITDA was €4 million (11% and 9% of total operating income, respectively) for each of the third quarter ended September 30, 2007 and 2006. The higher EBITDA margin reflects higher margins and an under proportional increase of operating expenses.

Adjusted EBITDA. The lower Adjusted EBITDA compared to reported EBITDA for the third quarter ended September 30, 2006 reflects the EBITDA of the sold SIG Cantec activity whereas the lower Adjusted EBITDA for the third quarter ended September 30, 2007 is attributed to the one off benefit from the sale of a real estate in Brazil.

Nine months ended September 30

Net sales. Net sales increased by 8% to €16 million for the nine months ended September 30, 2007 compared to €107 million for the nine months ended September 30, 2006. The growth in net sales for the nine months ended September 30, 2007 was primarily driven by higher sales of stretch blow molding machines and related services of SIG Corpoplast and an increase in sales of linear aseptic filling machines and lines of SIG Asbofill.

Net sales for the nine months ended September 30, 2006 include €5 million of net sales associated with the Cantec can business that was sold during September 2006.

Total operating income for the nine months ended September 30, 2007 benefited from a one-off amount of €1 million resulting from the sale of a real estate in Brazil.

Total operating expenses. Total operating expenses increased by 6% to €10 million (91% of total operating income) for the nine months ended September 30, 2007 compared to €104 million (95% of total operating income) for the nine months ended September 30, 2006. Total operating expenses for the nine months ended September 30, 2006 include €4 million associated with the Cantec can business that was disposed of during September 2006.

Raw materials, supplies and services. Expenses for raw material, supplies and services increased by 19% to €70 million (58% of total operating income) for the nine months ended September 30, 2007 from €59 million (54% of total operating income) for the nine months ended September 30, 2006. This increase is mainly caused by a change in mix, reflecting a higher share of sold Asbofill fillers, which normally have a significant higher share of material costs in its total cost structure.

Personnel costs. Personnel costs decreased by 10% to €26 million (21% of total operating income) for the nine months ended September 30, 2007 from €29 million (27% of total operating income) for the nine months ended September 30, 2006. When excluding the personnel costs of €7 million for the nine months ended September 30, 2006 attributable to the Cantec can business, personnel costs increased to prior year associated with the increase in net sales.

Other operating expenses. Other operating expenses were €23 million (19% and 21% of total operating income) for each of the nine months ended September 30, 2007 and 2006. When excluding other operating costs for the nine months ended September 30, 2006 of €4 million attributable to the Cantec can business, other operating costs increased to prior year associated with the increase in net sales.

EBITDA. EBITDA increased by 120% from €5 million (5% of total operating income) for the nine months ended September 30, 2006 to €11 million (9% of total operating income) for the nine months ended September 30, 2007. This increase was primarily due to the significant increase in net sales, improved margins and relatively lower operating expenses.

Adjusted EBITDA. The lower Adjusted EBITDA compared to reported EBITDA for the nine months ended September 30, 2006 reflects the EBITDA of the sold SIG Cantec activity whereas the lower Adjusted EBITDA for the nine months ended September 30, 2007 is attributed to the one off benefit from the sale of a real estate in Brazil.

Liquidity and Capital Resources

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

(in €millions)	May 4, 2007 * to Sep 30, 2007
Cash Flow from operating activities	7
Cash Flow from investing activities	(1,260)
Cash Flow from financing activities	1,326

* Being the date of incorporation of BPI and BPII

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

Operating activities for the nine months ended September 30, 2007 generated a net cash inflow of €7 million. The net cash inflow includes interest expenses paid of €9 million and income taxes paid of €9 million. 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 Flow from investing activities***

Investing activities for the nine months ended September 30, 2007 resulted in a net cash outflow of €1,260 million. Cash flows from investing activities include €1,179 million paid for the acquisition of the SIG Group, as well as €28 million of cash set aside in escrow accounts for the purchase of the residual SIG shares which were not yet owned at September 30, 2007. Cash flows from the investing activities also include €1million of capital expenditures in PP&E and intangible assets.

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

Financing activities for the nine months ended September 30, 2007 resulted in a net cash inflow of €1,326 million. The significant cash inflow 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 are the outflow of €145 million for the acquisition of SIG bonds which have been repurchased in a tender offer and the debt fees paid for the issue of the notes and the credit facilities of €61 million.

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 September 30, 2007.

(in €millions)	Payments due by period as of Sep 30, 2007			
	Total	Less than 1 year	1-5 years	Over 5 years
Contractual Obligations				
Total debt ¹	1,510			1,510
Operating leases	20	6	11	3
Unconditional purchase obligations ²	19	19	-	-
Total contractual cash obligations	1,549	25	11	1,513

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 September 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 September 30, 2007 totals €1,521 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:

- €80 million 8% senior notes due 2016;
- €20 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 September 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 combined 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 renimbi. 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.