Beverage Packaging Holdings (Luxembourg) II S.A.

Société anonyme

Registered office: 6C, Parc d'Activités Syrdall,

L-5365, Munsbach

R.C.S. Luxembourg : B 128.914

HOLDER NOTIFICATION

26 April 2010

Reynolds Group Holdings Limited

Beverage Packaging Holdings (Luxembourg) II S.A. ("the Company")

Re: €480,000,000 8% Senior Notes due 2016 (ISIN XSO307398502) ("Senior Notes")
€420,000,000 9½% Senior Subordinated Notes due 2017 (ISIN XSO307399062) ("Senior Subordinated Notes" and, together with the Senior Notes, the "Notes")

REPORT ON MATERIAL EVENT

Pursuant to Section 4.02(a)(iii) of the Indentures (as defined below)

We refer to Section 4.02(a)(iii) (*Reports and other Information)* of Senior Notes Indenture dated June 29, 2007 for the issuance of €480 million 8% Senior Notes due 2016 (the "Senior Notes") among Beverage Packaging Holdings (Luxembourg) II S.A. ("BP II" or the "Issuer"), Rank Group Holdings Limited ("Rank") as an Initial Guarantor, the other Senior Note Guarantors (as defined therein), The Bank of New York as Trustee and the other parties thereto and the Senior Subordinated Notes Indenture dated June 29, 2007 for the issuance of €420 million 9½% Senior Subordinated Notes due 2017 (the "Senior Subordinated Notes" and, together with the Senior Notes, the "Notes") among BP II, Rank, the other Subordinated Guarantors (as defined therein), The Bank of New York as Trustee and the other parties thereto (together, the "Indentures") pursuant to which BP II is required to produce a report to the Trustee after the occurrence of a material event that Issuer, Beverage Packaging Holdings (Luxembourg) I S.A. or any Restricted Subsidiary announces publicly.

Words used but not defined in this report have the meaning they are given in the Indentures.

The Issuer has previously announced the intention of its parent company, Reynolds Group Holdings Limited (formerly known as Rank Group Holdings Limited) ("RGHL") to acquire, directly or through its wholly owned subsidiaries, the Evergreen group of companies (the "Evergreen Group") and the Whakatane Mill from Carter Holt Harvey Limited, a New Zealand company which is ultimately owned by the owner of RGHL, Mr. Graeme Hart (the "Acquisition").

Further information in respect of the Acquisition is detailed in the annexure to this notice.

This Company notification is not an offer to sell or a solicitation of an offer to purchase any indebtedness raised in respect of the Acquisition ("Acquisition Indebtedness") in the United States and shall not constitute an offer, solicitation or sale in any state or jurisdiction in which, or to any person to whom such an offer, solicitation or sale would be unlawful. The Acquisition Indebtedness has not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to U.S. persons absent registration or an applicable exemption from registration requirements. Any public offering of the Acquisition Indebtedness to be made in the United States will be made by means of a prospectus that may be obtained from any issuer of the Acquisition Indebtedness (a "New Issuer") and that will contain detailed information about management, RGHL, its consolidated subsidiaries and the Issuer, any New Issuer and the Evergreen Group as well as applicable financial statements.

This report is available for inspection on the Issuer's website at
www.reynoldsgroupholdings.com

Forward-Looking Statements:

This notification may contain "forward-looking statements." Forward-looking statements include statements regarding the goals, beliefs, plans or current expectations of RGHL, taking into account the information currently available to our management, and include statements about the intended acquisition of the Evergreen Group and the Whakatane Mill and the related financing thereof. Forward-looking statements are not statements of historical fact. For example, when we use words such as "believe," "anticipate," "expect," "estimate," "intend," "should," "would," "could," "may," "will" or other words that convey uncertainty of future events or outcomes, we are making forward-looking statements. While management has based any forward-looking statements contained herein on its current expectations, the information on which such expectations were based may change. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of risks, uncertainties, and other factors, many of which are outside of our control that could cause actual results to materially differ from such statements. Such uncertainties, risks and assumptions, include, but are not limited to: risks related to the cost of raw materials, our suppliers for raw materials and any interruption to our supply of raw materials; risks related to our substantial indebtedness and our ability to service our indebtedness; risks related to our aluminium hedging activities and other hedging activities may result in significant losses and in period-to-period earnings volatility; risks related to our material weaknesses in our internal controls over financial reporting within our Reynolds Consumer and Closures segments; risks related to downturns in our target markets; risks related to increases in interest rates which would increase the cost of servicing our debt; risks related to dependence on the protection of our intellectual property and the development of new products; risks related to exchange rate fluctuations; risks related to the consolidation of our customer base, competition and pricing pressure; risks related to the impact of a loss of one of our manufacturing facilities; risks related to our exposure to environmental liabilities and potential changes in legislation or regulation; and risks related to our dependence on key management and other highly skilled personnel.

Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above.

Enquiries:

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Name: Allen Hugli
Title: Authorised Signatory

Name: Helen Golding
Title: Authorised Signatory

INFORMATION STATEMENT

This information statement presents certain information regarding the business that is to be acquired by subsidiaries of Reynolds Group Holdings Limited ("RGHL"), the parent of Beverage Packaging Holdings (Luxembourg) II S.A., pursuant to a previous announcement (the "Evergreen Acquisition"). Pursuant to the Evergreen Acquisition, (i) Reynolds Group Holdings Inc. will acquire 100% of the shares of Evergreen Packaging Inc. ("Evergreen US") and (ii) SIG Holding will acquire 100% of the shares of Evergreen Packaging (Luxembourg) S.àr.l. ("Evergreen Lux"), from affiliated entities, that along with Reynolds Group Holdings Inc. and SIG Holding are also beneficially owned by Graeme Hart, our strategic owner. After the consummation of the Evergreen Acquisition, Evergreen US and Evergreen Lux, together with their respective subsidiaries, will become our Evergreen segment. This information statement includes detailed information regarding the Evergreen business and a description of the recent developments of RGHL, Reynolds Consumer and Closures, certain limited pro forma financial data for RGHL and Evergreen as a combined group ("RGHL Combined Group") after completion of the Evergreen Acquisition, Selected Historical Consolidated and Historical Combined Financial Data and Evergreen Operating And Financial Review and Prospects. "Initial Evergreen Acquisition" means the acquisition pursuant to which, our strategic owner, Grame Hart, acquired the beverage packaging business of International Paper, Inc.

SPECIAL NOTE OF CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This information statement includes forward-looking statements. Forward-looking statements include statements regarding our goals, beliefs, plans or current expectations, taking into account the information currently available to our management. Forward-looking statements are not statements of historical fact. For example, when we use words such as "believe," "anticipate," "expect," "estimate," "intend," "should," "would," "could," "may," "will" or other words that convey uncertainty of future events or outcome, we are making forward- looking statements. We have based these forward-looking statements on our management's current view with respect to future events and financial performance. These views reflect the best judgment of our management but involve a number of risks and uncertainties which could cause actual results to differ materially from those predicted in our forward-looking statements and from past results, performance or achievements. Although we believe that the estimates and the projections reflected in the forward-looking statements are reasonable, such estimates and projections may prove to be incorrect, and our actual results may differ from those described in our forward-looking statements as a result of the following risks, uncertainties and assumptions, among others:

- risks related to the cost of raw materials, energy and freight and the limited number of suppliers we use for those materials;
- risks related to our substantial indebtedness and our ability to service our indebtedness;
- risks related to our aluminum hedging activities that may result in significant losses and in period-to-period earnings volatility;
- risks related to our material weaknesses in our internal control over financial reporting within our Reynolds Consumer and Closures segments and Evergreen;
- risks related to our suppliers for raw material and any interruption to our supply of raw material;
- risks related to downturns in our target markets;
- risks related to increases in interest rates which would increase the cost of servicing our debt;
- risks related to dependence on the protection of our intellectual property and the development of new products;
- risks related to exchange rate fluctuations;

- risks related to the consolidation of our customer base, competition and pricing pressure;
- risks related to the impact of a loss of one of our key manufacturing facilities;
- risks related to our exposure to environmental liabilities and potential changes in legislation and regulation;
- risks related to our dependence on key management and other highly skilled personnel; and
- risks related to other factors discussed in this information statement, including in the section entitled “RiskFactors.”

The risks described in the “Risk Factors” section in this information statement are not exhaustive. Other sections of this information statement describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this information statement.

MARKET DATA

We operate in markets for which it is difficult to obtain precise and current industry and market information. All statements made in this information statement regarding our position in the markets in which we operate, including market data, certain economics data and forecasts, were estimated or derived based upon assumptions we deem reasonable and from our own research, surveys or studies conducted by third-parties, primarily Canadean, Landell Mills, Pack-Marketing, AC Nielsen, Freedonia, Gesellschaft für Verpackungsmarkforschung, Warrick Report, Marketpower, Zenith and Euromonitor, and other industry or general publications. There is no single third party source for any of our market shares or total market size. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. In addition, many of the sources are from 2007 and have not been updated to reflect current market conditions. While we believe that each of these studies and publications is reliable, neither we nor the initial purchaser have independently verified any of the data from third-party sources, nor have we or the initial purchaser ascertained the underlying economic assumptions relied upon therein, and neither we nor the initial purchaser make any representation as to the accuracy of such information. Similarly, we believe our internal research with respect to our markets is reliable, but it has not been verified by any independent sources and we cannot assure you that it is accurate. In particular, historical data on the beverage package manufacturing market do not have a universally recognized authoritative source.

Some of the surveys and sources we rely on have been compiled by our advisors and are not publicly available and accordingly may not be considered to be as independent as other third-party sources. These sources are all more than a year old.

In addition, in many cases we have made statements in this information statement regarding our markets and our position in such markets based on our experience and our own investigation of market conditions. We cannot assure you that any of these assumptions are accurate or correctly reflect our position in the markets in which we operate and none of our internal surveys or information has been verified by any independent sources.

IMPORTANT NOTICE

The attached information is not an offer to sell or a solicitation of an offer to purchase any security in the United States or elsewhere and shall not constitute an offer, solicitation or sale in any state or jurisdiction in which, or to any person to whom such an offer, solicitation or sale would be unlawful. No securities have been registered under the United States Securities Act of 1933, as amended, and no securities may be offered or sold within the United States or to U.S. persons absent registration or an applicable exemption from registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from any issuer of such securities and that will contain detailed information about us.

RECENT DEVELOPMENTS

While we have yet to finalize the financial statements of the RGHL Group or Evergreen for the three months ended March 31, 2010, the preliminary estimated financial results for such period are set out below.

The preliminary estimated financial results described below for the RGHL Group and Evergreen for the three months ended March 31, 2009 and 2010 are estimates and are subject to change. Neither we nor Evergreen has completed our normal quarterly close and management review procedures for either period. In addition, for the RGHL Group, we have not completed our common control accounting for any interim period in 2009, including the three months ended March 31, 2009. There can be no assurance by either RGHL or Evergreen that the final results for either of these three-month periods will not materially differ from these preliminary estimates, as a result of the quarter-end closing procedures or completion of our common control accounting for the interim periods. The preliminary financial data included in this information statement has been prepared by, and is the responsibility of, RGHL Group and Evergreen management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled, or performed any procedures with respect to the accompanying preliminary financial data. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. In addition, these preliminary estimates should not be viewed as a substitute for full interim financial statements prepared in accordance with IFRS or as a measure of our performance. In addition, these preliminary results of operations for the three months ended March 31, 2010 are not necessarily indicative of the results to be achieved for the remainder of 2010 or any future period. Finally, investors should be aware that our results for the three months ended March 31, 2009 and 2010 are unaudited. As a result of the foregoing considerations, investors are cautioned to not place undue reliance on this preliminary estimated financial information. See “Risk Factors” and “Special Note of Caution Regarding Forward-Looking Statements.”

RGHL Group

We currently expect the RGHL Group to report revenue, profit from operating activities and Historical Adjusted EBITDA for the three months ended March 31, 2010 and 2009 as set forth in the table below. The comparative numbers for the RGHL Group for 2009 are currently being recast to reflect the impact of common control accounting and we have consequently presented a range for purposes of this presentation.

	Three Months Ended March 31,	
	2009	**2010**
	(In E millions)	
Revenue	670 - 680	680 - 690
Profit from operating activities	38 - 48	66 - 76
Historical Adjusted EBITDA	125 - 135	137 -147

We estimate that the increase in RGHL Group revenue for the three months ended March 31, 2010 compared to the three months ended March 31, 2009 is primarily due to increased revenue from our SIG and Closure segments, partially offset by a decrease in revenue from our Reynolds Consumer segment.

We estimate that profit from operating activities and Historical Adjusted EBITDA increased primarily as a result of increased revenue and reduced expenses in our SIG segment.

SIG

We estimate that SIG’s revenue increased for the three months ended March 31, 2010 compared to the three months ended March 31, 2009 primarily due to increased sleeve sales volumes in China, the Middle East and South America. We estimate that SIG’s profit from operating activities and Historical Adjusted EBITDA increased for the three months ended March 31, 2010 compared to the three months ended March 31, 2009 primarily due to increased sleeves sales, lower raw material prices and the successful implementation of cost-saving programs in the second half of 2009.

Reynolds Consumer

We estimate that Reynolds Consumer's revenue decreased for the three months ended March 31, 2010 compared to the three months ended March 31, 2009 primarily due to exiting from certain low margin or unprofitable lines in the United States, the sale of Reynolds Consumer's U.K. operations in December 2009 and lower pricing due to a shift of volume from traditional grocers to club stores. We estimate that Reynolds Consumer's profit from operating activities increased for the three months ended March 31, 2010 compared to the three months ended March 31, 2009 primarily due to lower aluminum prices, the successful implementation of cost-saving programs and lower transition costs relating to the exit from the Alcoa IT platform, partially offset by increased resin prices. We estimate that Reynolds Consumer's Historical Adjusted EBITDA was approximately flat for the three months ended March 31, 2010 compared to the three months ended March 31, 2009.

Closures

We estimate that Closures' revenue increased for the three months ended March 31, 2010 compared to the three months ended March 31, 2009 primarily due to increased volumes in the United States, mainly from the acquisition of Obrist Americas, Inc. on February 1, 2010, and in China due to the opening of new facilities during 2009. We believe the increase in revenue as a result of increased volumes was partially offset by lower pricing due to the pass through of lower resin prices for the three months ended March 31, 2010 compared to the three months ended March 31, 2009. We estimate that Closures' profit from operating activities and Historical Adjusted EBITDA decreased for the three months ended March 31, 2010 compared to the three months ended March 31, 2009 primarily due to the lag in passing through changes in raw material input prices to our customers. For the three months ended March 31, 2010, raw material input prices were increasing but selling prices in the quarter did not fully reflect these higher prices. For the three months ended March 31, 2009, raw material input prices were generally decreasing but selling prices were based on higher raw material input prices.

Evergreen

We estimate that Evergreen's revenue will be in the range of approximately $360 million to $370 million for the three months ended March 31, 2010 compared to $357 million for three months ended March 31, 2009. This increase was primarily due to increased sales volume of liquid packaging board (including cupstock), uncoated freesheet and coated groundwood, partially offset by lower prices for liquid packaging board, uncoated freesheet and coated groundwood products and reduced carton sales volume.

We estimate that Evergreen's profit from operating activities will be in the range of approximately $12 million to $15 million for the three months ended March 31, 2010 compared to $28 million for the three months ended March 31, 2009.

We estimate that Evergreen's Historical Adjusted EBITDA will be in the range of approximately

$31 million to $35 million for the three months ended March 31, 2010 compared to $46 million for the three months ended March 31, 2009. This decrease in profit from operating activities and Historical Adjusted EBITDA was primarily due to the lag impact in passing through changes in prices of key raw material inputs to our customers. During the three months ended March 31, 2010, raw material input prices were increasing but selling prices in the quarter did not fully reflect the higher raw material input prices. For the three months ended March 31, 2009, raw materials input prices were generally decreasing but selling prices were based on the higher raw material input prices. In addition, we experienced an increase in the cost of wood fiber due to the cold and wet weather impacting our ability to access our wood supplies at the Canton mill as well as higher general and administration expenses for the three months ended March 31, 2010 compared to the three months ended March 31, 2009.

Summary Unaudited RGHL Combined Group Pro Forma Financial Information

	Pro Forma RGHL Combined Group Year Ended December 31, 2009 (IFRS) (In € millions)
Income Statement	
Revenue	**€ 3,838.6**
Cost of sales	(3,004.4)
Gross profit	**834.2**
Other income	133.8
Selling, marketing and distribution expenses	(132.6)
General and administration expenses	(254.4)
Other expenses	(51.4)
Share of profit of associates and joint ventures, net of income tax (equity method)	8.1
Profit (loss) from operating activities	**537.7**
Financial income	13.9
Financial expenses	(358.5)
Net financial expenses	**(344.6)**
Profit (loss) before income tax	**193.1**
Income tax benefit (expense)	(118.0)
Profit (loss) from continuing operations	**€ 75.1**

	Pro Forma RGHL Combined Group as of December 31, 2009(1) (IFRS) (In € millions)
Balance Sheet Data	
Cash and cash equivalents	€ 430.7
Trade and other receivables — current	476.6
Inventories	470.1
Property, plant and equipment	1,189.0
Investment property	53.1
Intangibles	2,267.9
Total assets	**5,337.6**
Trade and other payables — current	535.8
Interest bearing borrowings — current	42.3
Interest bearing borrowings — non-current	4,145.4
Total liabilities	**5,391.6**
Net assets	**€ (54.0)**

	Pro Forma RGHL Combined Group Year Ended December 31, 2009(1) (IFRS) (In € millions, except ratios)
Pro Forma Other Financial Data:	
Total capital expenditure:	€ 204.0
Property, plant and equipment (excluding filling machines)	153.4
Filling machines	50.6
RGHL Combined Group EBITDA(2)	860.4
RGHL Combined Group Historical Adjusted EBITDA(3)	763.2
RGHL Combined Group Pro Forma Adjusted EBITDA(3)	804.5
Net cash interest expense(4)	315.1
Pro Forma Credit Statistics:	
At Period End:	
Total net senior secured debt(5)	2,342.4
Total net senior debt(6)	3,524.2
Total net debt(7)	3,944.2
Total net senior secured debt to RGHL Combined Group Pro Forma Adjusted EBITDA	2.9x
Total net senior debt to RGHL Combined Group Pro Forma Adjusted EBITDA	4.4x
Total net debt to RGHL Combined Group Pro Forma Adjusted EBITDA	4.9x
RGHL Combined Group Pro Forma Adjusted EBITDA to net cash interest expense	2.6x
Ratio of earnings to fixed charges(8)	1.6x

(1) Refer to "Unaudited Pro Forma Combined Financial Information" for details regarding the basis of preparation and description of the pro forma adjustments.

(2) RGHL Combined Group EBITDA, a measure used by our management to measure operating performance, is defined as profit (loss) from continuing operations plus income tax expenses, net financial expenses, depreciation of property, plant and equipment and amortization of intangible assets. EBITDA is not a measure of our financial condition, liquidity or profitability and should not be considered as a substitute for profit (loss) for the year, operating profit or any other performance measures derived in accordance with IFRS or as a substitute for cash flow from operating activities as a measure of our liquidity in accordance with IFRS. Additionally, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not take into account certain items such as interest and principal payments on our indebtedness, depreciation and amortization expense, working capital needs, tax payments and capital expenditures. We believe that the inclusion of EBITDA in this offering circular is appropriate to provide additional information to investors about our operating performance and to provide a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. We additionally believe that issuers of high yield debt securities also present EBITDA because investors, analysts and rating agencies consider these measures useful in measuring the ability of those issuers to meet debt service obligations. Because not all companies calculate EBITDA identically, this presentation of RGHL Combined Group EBITDA may not be comparable to other similarly titled measures in other companies. The following table reconciles the RGHL Combined Group EBITDA calculation presented above to our profit (loss) from continuing operations for the period presented:

	Pro Forma RGHL Combined Group Year Ended December 31, 2009 (In € millions)
Profit (loss) from continuing operations	**€ 75.1**
Income tax (benefit) expense	118.0
Net financial expenses	344.6
Depreciation and amortization	322.7
RGHL Combined Group EBITDA	**€ 860.4**

(3) RGHL Combined Group Historical Adjusted EBITDA is calculated as RGHL Combined Group EBITDA adjusted for particular items relevant to explaining operating performance. These adjustments include significant items of a non-recurring or unusual nature that cannot be attributed to ordinary business operations, restructuring and redundancy costs, gains and losses in relation to the valuation of derivatives and the full-period effect of businesses acquired after the beginning of a period. RGHL Combined Group Pro Forma Adjusted EBITDA is calculated as RGHL Combined Group Historical Adjusted EBITDA as adjusted to provide full-period effect to the implemented cost saving programs. EBITDA is not a presentation made in accordance with IFRS, is not a measure of financial condition, liquidity or profitability and should not be considered as an alternative to profit (loss) for the period determined in accordance with IFRS or operating cash flows determined in accordance with IFRS. The determination of Historical Adjusted EBITDA and Pro Forma Adjusted EBITDA contains a number of estimates and assumptions that may prove to be incorrect and differ materially from actual results — see “Risk Factors.” Additionally, Historical Adjusted EBITDA and Pro Forma Adjusted EBITDA are not intended to be a measure of free cash flow for management’s discretionary use, as it does not take into account certain items such as interest and principal payments on our indebtedness, depreciation and amortization expense, working capital needs, tax payments, and capital expenditures. We believe that the inclusion of Historical Adjusted EBITDA and Pro Forma Adjusted EBITDA in this offering circular is appropriate to provide additional information to investors about our operating performance and to provide a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. We additionally believe that issuers of high yield debt securities also present Historical Adjusted EBITDA and Pro Forma Adjusted EBITDA because investors, analysts and rating agencies consider these measures useful in measuring the ability of those issuers to meet debt service obligations. In addition, RGHL Combined Group Pro Forma Adjusted EBITDA is used to determine our compliance with certain covenants, including the fixed charge coverage ratio used for purposes of debt incurrence under the indenture governing the notes. Because not all companies calculate Historical Adjusted EBITDA and Pro Forma Adjusted EBITDA identically, this presentation of Historical Adjusted EBITDA and Pro Forma Adjusted EBITDA may not be comparable to the similarly titled measures of other companies. The following table reconciles RGHL Combined Group EBITDA calculations presented above to RGHL Combined Group Historical Adjusted EBITDA and RGHL Combined Group Historical Adjusted EBITDA to RGHL Combined Group Pro Forma Adjusted EBITDA for the period presented:

	Pro Forma RGHL Combined Group(a) Year Ended December 31, 2009 (In € millions)
RGHL Combined Group EBITDA	**€ 860.4**
Restructuring costs(b)	34.4
Black Liquor Credit(c)	(153.4)
Acquisition transition costs(d)	16.9
Unrealized (gains) on derivative instruments(e)	(14.8)
Elimination of the effect of historical Reynolds Consumer hedging policy(f)	66.8
Realized (gains) on derivatives novated to a related party(g)	(69.4)
Other(h)	22.3
RGHL Combined Group Historical Adjusted EBITDA	**763.2**
Full period effect of cost saving programs(i)	32.7
Full year effect of acquisitions(j)	8.6

RGHL Combined Group Pro Forma Adjusted EBITDA	**€ 804.5**

(a) Refer to "Unaudited Pro Forma Combined Financial Information" for details regarding the basis of preparation and description of the pro forma adjustments. All amounts converted at the weighted average exchange rate in the period in which the relevant transaction occurred. See individual company presentations provided elsewhere in this offering circular for further details.

(b) Reflects historical restructuring costs relating to cost saving programs. The adjustment comprises RGHL costs of €32.3 million and Evergreen costs of €2.1 million ($2.9 million).

(c) Reflects tax credits, net of related expenses, of €153.4 million ($214.1 million) received by Evergreen for the use of alternative fuel mixtures to produce energy to operate its business during the 2009 financial year. Evergreen does not expect any Black Liquor Credit going forward due to the expiry of this tax legislation as of December 31, 2009. See "Evergreen Operating and Financial Review and Prospects — Black Liquor Credits."

(d) Reflects incremental costs of €16.9 million incurred by RGHL associated with transitioning the Reynolds Consumer and Closures businesses from Alcoa, including costs related to IT systems and duplicate shared services during the transition period.

(e) Reflects unrealized gains of €14.8 million arising from the mark to market of derivative instruments used primarily for the hedging of commodities and foreign exchange by RGHL.

(f) Reflects expense of €66.8 million relating to the elimination of the effect of the historical Reynolds Consumer hedging policy.

(g) Reflects the realized gain of €69.4 million recognized by RGHL upon the novation of aluminum hedge derivatives to a related party.

(h) Reflects (i) consulting fees recognized by Evergreen of €9.5 million ($13.2 million) in connection with the implementation of a new project designed to optimize business processes, including the purchase of raw material and other inputs, (ii) impairment charges recognized by RGHL of €4.4 million relating to the write-down of non-current assets to their recoverable amount and by Evergreen of €4.4 million ($6.1 million) predominantly in relation to the sale of the plant in Venezuela, (iii) an expense of €2.3 million recognized by RGHL in connection with a dispute regarding an outstanding customs duty arising from the classification of aluminum import tariffs in Thailand, (iv) an adjustment recognized by RGHL of €5.5 million and Evergreen of €1.6 million ($2.2 million), in each case to deduct results of joint ventures accounted for under the equity method to the extent that they are not distributed in cash, (v) an expense of €3.7 million incurred by RGHL for costs associated with flood damage to one of its manufacturing facilities, (vi) €1.8 million ($2.5 million) expense incurred by Evergreen for management fees, (vii) €1.5 million expense incurred by RGHL for remaining costs associated with the relocation of manufacturing equipment, (viii) impairment charges recognized by Evergreen of €0.5 million ($0.7 million) due to the impairment of assets which were held for sale at the Richmond plant, (ix) €0.8 million loss on sale of the Reynolds Consumer U.K. operations, (x) €1.0 million ($1.4 million) write off of related party receivables with the Venezuela operations, (xi) an expense of €0.9 million incurred by Evergreen ($1.2 million) for legal expenses in connection with the Blue Ridge acquisition in 2009, which was not recognized in the initial purchase accounting adjustment, and (xii) an insurance claim of €1.4 million ($2.0 million) received by Evergreen during the year in relation to the settlement of a fraud case.

(i) Reflects the full period effect of implemented cost saving programs. The adjustment comprises RGHL cost savings of €22.4 million and Evergreen cost savings of €10.3 million ($14.4 million).

(j) Reflects management's estimate of the full year effect of the acquisition of Obrist Americas, Inc. on February 1, 2010 of €4.3 million as if the business operations were included in the RGHL Group financial statements from January 1, 2009. The adjustment attributable to the acquisition of Obrist Americas, Inc. has been derived from the books and records of such company and those books and records have not been subject to quarterly or yearly closing procedures by management and our auditors and have not been audited or otherwise reviewed in any manner. In addition, the Obrist Americas, Inc. financial information has not been prepared on the same basis as RGHL's financial information. Accordingly, this adjustment represents management's estimate and is not indicative of future performance for any period.

(4) Net cash interest expense, excluding any expense related to the original issue discount and amortization of debt issuance costs, as derived from the unaudited pro forma income statement included under "Unaudited Pro Forma Combined Financial Information."

(5) Total net senior secured debt represents total senior secured debt less cash and cash equivalents. Total senior secured debt of €2,773.1 million represents the aggregate of (i) $800.0 million under the Incremental Senior Secured Credit Facilities, (ii) $1,035.0 million and €250.0 million under the Senior Secured Credit Facilities, (iii) $1,125.0 million and €450.0 million of the 2009 Notes, and (iv) €11.7 million including secured overdrafts, finance lease obligations and secured derivative instruments. All amounts have been converted into euro at an exchange rate of $1.4332 = €1.00.

(6) Total net senior debt represents total senior debt less cash and cash equivalents. Total senior debt of €3,954.9 million represents the aggregate of (i) total senior secured debt described in footnote (5) above, (ii) $1,000.0 million of the notes offered hereby, (iii) €480.0 million of 2007 Senior Notes, (iv) €1.5 million of unsecured related party borrowings, and (v) €2.6 million unsecured local facilities. All amounts have been converted at $1.4332 = €1.00.

(7) Total net debt represents total debt less cash and cash equivalents. Total debt of €4,374.9 million represents the aggregate of (i) total senior debt described in footnote (6) above and (ii) €420.0 million of 2007 Senior Subordinated Notes.

(8) For the purposes of calculating the ratio of earnings to fixed charges, earnings represent income before income taxes from continuing operations before adjustments for minority interests and equity from affiliates plus fixed charges and distributed income of equity of investees. Fixed charges include the sum of (a) interest expensed and capitalized, (b) amortized premiums, discounts and capitalized expenses related to indebtedness, and (c) an estimate of the interest within rental expense. This ratio does not have the same definition as any similarly titled ratio with respect to the notes, the 2009 Notes and the 2007 Notes.

Summary Historical Evergreen Group Financial Information

	Evergreen Successor		
	Year Ended December 31,		
	2007(*†)	2008(†)	2009(†)
	IFRS (In $ millions)		
Income Statement			
Revenue	**$ 980.0**	**$ 1,505.5**	**$ 1,429.0**
Cost of sales	(899.4)	(1,400.1)	(1,051.3)
Gross profit	**80.6**	**105.4**	**377.7**
Other income	85.8	36.0	24.3
Selling, marketing and distribution expenses	(12.2)	(22.5)	(21.0)
General and administration expenses	(44.9)	(60.2)	(76.6)
Other expenses	(13.8)	(11.2)	(13.0)
Share of profit of associates and joint ventures, net of income tax (equity method)	0.5	1.0	2.2
Profit (loss) from operating activities	**96.0**	**48.5**	**293.6**
Financial income	2.6	170.9	0.3
Financial expenses	(118.8)	(70.4)	(147.1)
Net financial income (expenses)	**(116.2)**	**100.5**	**(146.8)**
Profit (loss) before income tax	**(20.2)**	**149.0**	**146.8**
Income tax benefit (expense)	32.3	(58.0)	(57.9)
Profit (loss) for the period	**$ 12.1**	**$ 91.0**	**$ 88.9**

* Represents 11 months of operations of the Evergreen Successor including 5 months of operations of Blue Ridge.

† Derived from the audited financial statements of the Evergreen Successor.

	Evergreen Successor		
	As of December 31,		
	2007(†)	2008(†)	2009(†)
	(IFRS) (In $ millions)		
Balance Sheet Data			
Cash and cash equivalents	**$ 47.8**	**$ 40.8**	**$ 153.5**
Trade and other receivables	186.3	159.3	173.3
Inventories	221.4	227.8	238.6
Property, plant and equipment	538.9	534.4	533.1
Intangible Assets	108.0	103.7	93.2
Total assets	**1,279.2**	**1,226.2**	**1,315.5**
Trade and other payables	158.7	147.5	140.5
Borrowings — current	39.4	55.8	73.2
Borrowings — non-current	851.4	658.8	671.5
Total liabilities	**$ 1,272.1**	**$ 1,112.7**	**$ 1,119.1**
Net assets	**$ 7.1**	**$ 113.5**	**$ 196.4**

† Derived from the audited financial statements of the Evergreen Successor.

	Evergreen Successor		
	Year Ended December 31,		
	2007(*)	2008	2009
		(IFRS)	
		(in $ million)	
Other Financial Data			
Total capital expenditures	$ 34.1	$ 58.0	$ 63.1
Evergreen Group Stand-Alone EBITDA(1)	$ 141.2	$ 110.5	$ 358.6
Evergreen Group Stand-Alone Historical Adjusted EBITDA(2)	$ 94.6	$ 118.5	$ 168.3
Evergreen Group Stand-Alone Pro Forma Adjusted EBITDA(2)			$ 182.7
Cash Flow Statement Data			
Net cash flows from (used in) operating activities	$ 113.8	$ 10.6	$ 279.2
Net cash flows from (used in) investing activities	$ (640.6)	$ (32.7)	$ (56.3)
Net cash flows from (used in) financing activities	$ 572.0	$ 19.4	$ (111.1)

* Represents 11 months of operations of the Evergreen Successor including 5 months of operations of Blue Ridge.

(1) Evergreen Group Stand-Alone EBITDA, a measure used by our management to measure operating performance, is defined as profit (loss) from continuing operations before income tax expenses, net financial expenses, depreciation of property, plant and equipment and amortization of intangible assets. EBITDA is not a measure of our financial condition, liquidity or profitability and should not be considered as a substitute for profit (loss) for the year, operating profit or any other performance measures derived in accordance with either U.S. GAAP or IFRS or as a substitute for cash flow from operating activities as a measure of our liquidity in accordance with either U.S. GAAP or IFRS. The determination of Historical Adjusted EBITDA and Pro Forma Adjusted EBITDA contain a number of estimates and assumptions that may prove to be incorrect and differ materially from actual results — see "Risk Factors." Additionally, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not take into account certain items such as interest and principal payments on our indebtedness, depreciation and amortization expense, working capital needs, tax payments, and capital expenditures. We believe that the inclusion of EBITDA in this offering circular is appropriate to provide additional information to investors about our operating performance and to provide a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. We additionally believe that issuers of high yield debt securities also present EBITDA because investors, analysts and rating agencies consider these measures useful in measuring the ability of those issuers to meet debt service obligations. Because not all companies calculate EBITDA identically, this presentation of Evergreen Group Stand-Alone EBITDA may not be comparable to other similarly titled measures in other companies. The following table reconciles Evergreen Group Stand-Alone EBITDA calculations presented above to our profit (loss) from continuing operations for the period presented:

	Evergreen Successor		
	Year Ended December 31,		
	2007(*†)	2008(†)	2009(†)
	(In $ millions)		
Profit (loss) from continuing operations	**$ 12.1**	**$ 91.0**	**$ 88.9**
Income tax (benefit) expense	(32.3)	58.0	57.9
Net financial expenses (income)	116.2	(100.5)	146.8
Depreciation and amortization	45.2	62.0	65.0
Evergreen Group Stand-Alone EBITDA	**$ 141.2**	**$ 110.5**	**$ 358.6**

* Represents 11 months of operations of the Evergreen Successor including 5 months of operations of Blue Ridge.

† Derived from the audited financial statements of the Evergreen Successor.

(2) Evergreen Group Stand-Alone Historical Adjusted EBITDA is calculated as Evergreen Group Stand-Alone EBITDA adjusted for particular items relevant to explaining operating performance. These adjustments include significant items of a non-recurring or unusual nature that cannot be attributed to ordinary business operations, restructuring and redundancy costs, gains and losses in relation to the valuation of derivatives and the full-period effect for businesses acquired after the beginning of a period. Evergreen Group Stand-Alone Pro Forma Adjusted EBITDA is defined as Evergreen Group Stand-Alone Historical Adjusted EBITDA as adjusted to provide full-period effect to the implemented cost saving initiatives. Historical Adjusted EBITDA is not a presentation made in accordance with either U.S. GAAP or IFRS, is not a measure of financial condition, liquidity or profitability and should not be considered as an alternative to profit (loss) for the period determined in accordance with either U.S. GAAP or IFRS or operating cash flows determined in accordance with either U.S. GAAP or IFRS. Additionally, Historical Adjusted EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not take into account certain items such as interest and principal payments on our indebtedness, depreciation and amortization expense, working capital needs, tax payments, and capital expenditures. We believe that the inclusion of Historical Adjusted EBITDA and Pro Forma Adjusted EBITDA in this offering circular is appropriate to provide additional information to investors about our operating performance and to provide a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. We additionally believe that issuers of high yield debt securities also present Historical Adjusted EBITDA and Pro Forma Adjusted EBITDA because investors, analysts and rating agencies consider these measures useful in measuring the ability of those issuers to meet debt service obligations. In addition, Historical Adjusted EBITDA and Pro Forma Adjusted EBITDA is used to determine our compliance with certain covenants, including the fixed charge coverage ratio used for purposes of debt incurrence under the notes offered hereby. Because not all companies calculate Adjusted EBITDA identically, this presentation of Historical Adjusted EBITDA and Pro Forma Adjusted EBITDA may not be comparable to the similarly titled measures of other companies. The following table reconciles Evergreen Group Stand-Alone EBITDA calculations presented above to Evergreen Group Stand-Alone Historical Adjusted EBITDA and Evergreen Group Stand-Alone Historical Adjusted EBITDA to Evergreen Group Stand-Alone Adjusted EBITDA for the period presented:

	Evergreen Successor Year Ended December 31,		
	2007(*)	2008 (IFRS)	2009
	(In $ millions)		
Evergreen Group Stand-Alone EBITDA	**$ 141.2**	**110.5**	**$ 358.6**
Restructuring costs(a)	7.1	3.9	2.9
Black Liquor Credit(b)	—	—	(214.1)
Inter-group management fees(c)	3.1	3.4	2.5
Impairment of non-current assets(d)	—	—	6.1
Equity method joint venture profit not distributed in cash(e)	(0.5)	(1.0)	(2.2)
Consulting fees for business optimization project(f)	—	—	13.2
Korean insurance claim(g)	3.5	—	(2.0)
Venezuela receivable(h)	—	—	1.4
Legal costs related to the Blue Ridge Acquisition(i)	—	—	1.2
Write-down of assets held for sale(j)	—	—	0.7
Transition cost(k)	—	1.7	—
Discount on acquisition(l)	(60.3)	—	—
Effect of purchase price adjustment on inventory(m)	0.5	—	—
Evergreen Group Stand-Alone Historical Adjusted EBITDA	$ 94.6	$ 118.5	**$ 168.3**
Full period effect of cost savings(n)			$ 14.4
Evergreen Group Stand-Alone Pro Forma Adjusted EBITDA			**$ 182.7**

* Represents 11 months of operations of the Evergreen Successor including 5 months of operations of Blue Ridge.

(a) Reflects restructuring costs relating to cost saving programs associated with implementing workforce reductions and plant closures, as disclosed in note 10 of the Evergreen Packaging New Zealand Limited financial statements for the period ended December 31, 2009, 2008 (as restated) and 2007 (as restated).

(b) Reflects tax credits, net of related expenses, received for the use of alternative fuel mixtures to produce energy to operate the Evergreen business during the 2009 fiscal year. Evergreen does not expect any Black Liquor Credit going forward due to expiry of this tax legislation as of December 31, 2009. See "Evergreen Operating Financial Review and Prospects."

(c) Reflects an expense for non-recurring management fees relating to executives.

(d) Reflects impairment charges relating to the write-down of non-current assets to their recoverable amount, predominantly in relation to the sale of the plant in Venezuela, as disclosed in note 10 of the Evergreen Packaging New Zealand Limited financial statements for the period ended December 31, 2009, 2008 (as restated) and 2007 (as restated).

(e) Reflects an adjustment to deduct equity accounted results of joint ventures to the extent that they are not distributed in cash, as disclosed in the Reconciliation of the profit for the period with the net cash from operating activities of the Evergreen Packaging New Zealand Limited financial statements for the period ended December 31, 2009, 2008 (as restated) and 2007 (as restated).

(f) Reflects consulting fees in connection with the implementation of a new project designed to optimize business processes, including the purchase of raw material and other inputs, as disclosed in note 9 of the Evergreen Packaging New Zealand Limited financial statements for the period ended December 31, 2009, 2008 (as restated) and 2007 (as restated).

(g) Reflects legal and other related costs in connection with a fraud in the Korean business which occurred in 2007 and subsequent settlement of the related insurance claim during 2009. The 2007 expense is disclosed in note 10 and the 2009 income is disclosed in note 8 of the Evergreen Packaging New Zealand Limited financial statements for the periods ended December 31, 2009, 2008 (as restated) and 2007 (as restated).

(h) Reflects write off of related party receivables in the Venezuela operations.

(i) Reflects an expense for the legal fees related to the Blue Ridge Acquisition in 2007, which were incurred subsequent to the initial purchase accounting adjustment.

(j) Reflects write-down of $0.7 million on assets held for sale.

(k) Reflects costs associated with combining the Evergreen and Blue Ridge businesses.

(l) Reflects the discount arising from the Evergreen Acquisition, as disclosed in note 8 of the Evergreen Packaging New Zealand Limited financial statements for the period ending December 31, 2009, 2008 (as restated) and 2007 (as restated).

(m) Reflects the fair value adjustment to inventory as a result of the purchase price accounting exercise against cost of goods sold.

(n) Reflects the full period effect of implemented cost saving programs from workforce reductions and optimization of our extruder capacity at the Pine Bluff mill.

SELECTED HISTORICAL CONSOLIDATED AND HISTORICAL COMBINED FINANCIAL DATA

Evergreen Group

The following tables set forth selected historical consolidated financial data of the Evergreen Group. On January 31, 2007, the Rank Group, through its indirect wholly-owned subsidiary Evergreen NZ, which we refer to as the Evergreen Successor, commenced the acquisition of IP's Bev Pack Business, which we refer to as the Evergreen Predecessor. The acquisition occurred in stages from January 31, 2007 to August 1, 2007.

The Evergreen Successor financial data as of and for the years ended December 31, 2007, 2008 and 2009 have been derived from the audited financial statements of the Evergreen Successor included elsewhere in this information statement.

Given the potential for differences between IFRS and U.S. GAAP, caution is required when comparing financial data across periods. Furthermore, certain presentations and classifications in the U.S. GAAP Evergreen Predecessor financial statements are inconsistent with the Evergreen Successor IFRS presentations. See "Presentation of Financial Information."

IFRS Selected Financial Data

The following selected financial data for the years ended December 31, 2007, 2008 and 2009 are derived from the audited IFRS consolidated financial statements of the Evergreen Successor.

	Evergreen Successor		
	Year Ended December 31,		
	2007*††	2008††	2009††
	(IFRS) (In $ millions)		
Income Statement			
Revenue	$ 980.0	$ 1,505.5	$ 1,429.0
Cost of sales	(899.4)	(1,400.1)	(1,051.3)
Gross profit	**80.6**	**105.4**	**377.7**
Other income	85.8	36.0	24.3
Selling, marketing and distribution expenses	(12.2)	(22.5)	(21.0)
General and administration expenses	(44.9)	(60.2)	(76.6)
Other expenses	(13.8)	(11.2)	(13.0)
Share of profits of associates and joint ventures, net of income tax (equity method)	0.5	1.0	2.2
Profit from operating activities	**96.0**	**48.5**	**293.6**
Financial income	2.6	170.9	0.3
Financial expenses	(118.8)	(70.4)	(147.1)
Net financial expenses	**(116.2)**	**100.5**	**(146.8)**
Profit (loss) before income tax	**(20.2)**	**149.0**	**146.8**
Income tax benefit (expense)	32.3	(58.0)	(57.9)
Profit for the period	**$ 12.1**	**$ 91.0**	**$ 88.9**

* Represents 11 months of operations of the Evergreen Successor which include 5 months of operations of Blue Ridge.

†† Derived from the audited financial statements of the Evergreen Successor.

	Evergreen Successor		
	As of December 31,		
	2007††	2008††	2009††
		(IFRS) (In $ millions)	
Balance Sheet Data			
Cash and cash equivalents	$ 47.8	$ 40.8	$ 153.5
Trade and other receivables — current	186.3	159.3	173.3
Inventories	221.4	227.8	238.6
Property, plant and equipment	538.9	534.4	533.1
Intangible assets	108.0	103.7	93.2
Total assets	**1,279.2**	**1,226.2**	**1,315.5**
Trade and other payables — current	158.7	147.5	140.5
Borrowings — current	39.4	55.8	73.2
Borrowings — non-current	851.4	658.8	671.5
Total liabilities	**$1,272.1**	**$1,112.7**	**$1,119.1**
Net assets	**$ 7.1**	**$ 113.5**	**$ 196.4**

†† Derived from the audited financial statements of the Evergreen Successor.

U.S. GAAP Selected Financial Data

The following selected historical financial data for the years ended December 31, 2005 and 2006 have been derived from the audited U.S. GAAP financial statements of the Evergreen Predecessor which have not been included in the information statement. The selected historical financial data of the North American operations of IP's Bev Pack for the one month period from January 1, 2007 to January 31, 2007 have been derived from the North American operations of IP's Bev Pack audited combined financial statements which have not been included in this information statement.

The selected historical financial data of the Evergreen Predecessor and the North American operations of IP's Bev Pack Business are not directly comparable to the selected financial data of the Evergreen Successor for a variety of reasons including, among other items, the following:

- The selected historical financial data of the Evergreen Predecessor and the North American operations of IP's Bev Pack Business in this information statement have been derived from their audited financial statements prepared in accordance with U.S. GAAP. The Evergreen Successor primary financial statements, included elsewhere in this information statement, are presented in accordance with IFRS. See "Presentation of Financial Information — Certain Differences between IFRS and U.S. GAAP."
- The selected historical financial data of Evergreen Predecessor and the North American operations of IP's Bev Pack Business is not necessarily indicative of the conditions that would have existed or the results of operations if the Evergreen Predecessor or the North American operations of IP's Bev Pack Business had been operated as a stand-alone company during the periods presented.
- The selected historical financial data for the one month period ended January 31, 2007 represents the results of the North American operations of IP's Bev Pack Business only.
- Some of the operations represented in the selected financial data of the Evergreen Predecessor and the North American operations of IP's Bev Pack are not reflected in the selected historical financial data of the Evergreen Successor as such operations were not acquired by the Rank Group.

	Evergreen Predecessor		
	Year Ended December 31,		Period from January 1, to January 31
	2005†	2006†	2007†
		(U.S. GAAP) (In $ millions)	
Income Statement			
Net Sales	859.5	843.9	$62.1
Costs and expenses			
Cost of products sold (exclusive of depreciation and amortization included below)	(635.7)	(630.6)	(43.9)
Selling, general and administrative expenses	(97.1)	(88.0)	(4.0)
Distribution expenses	(37.1)	(39.8)	(3.1)
Depreciation and amortization	(49.8)	(47.7)	(3.0)
Tax other than income	(2.7)	(2.7)	(0.8)
Goodwill impairment and other charges	–	(27.4)	(1.3)
Sale of business – IPI Japan	–	12.1	–
Reversal of reserves no longer required	0.5	4.0	–
Operating income	**37.6**	**23.8**	**6.0**
Interest income	0.8	0.7	–
Interest expense	(1.5)	(1.3)	(0.1)
Other income	0.4	0.4	0.2
Income before income taxes, minority interest expense and equity earnings	**37.3**	**23.6**	**6.1**
Income tax expense	(11.9)	(20.4)	–
Minority interest expense- – net of tax	(2.2)	(1.1)	–
Equity earnings – net of tax	0.6	0.4	–
Net income	**$ 23.8**	**$2.5**	**$6.1**

† Derived from the audited financial statements of the Evergreen Predecessor.

†† Derived from the audited financial statements of the North American operations of IP's Bev Pack Business.

Balance Sheet Data	Evergreen Predecessor As of December 31, 2005† (U.S. GAAP) (In $ million)	Evergreen Predecessor As of December 31, 2006† (U.S. GAAP) (In $ million)
Cash and temporary investments	$ 27.4	$ 39.7
Accounts receivable — net	108.4	88.8
Inventories	165.3	164.6
Property, plant and equipment — net	408.4	356.8
Goodwill — net	27.0	—
Total assets	**792.1**	**697.2**
Accounts payable	67.1	53.6
Long-term debt — current	2.2	—
Long-term debt — non-current	17.9	17.8
Total liabilities	**$182.8**	**$125.2**
Total equity	**$609.3**	**$572.0**

† Derived from the financial statements of the Evergreen Predecessor.

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The following unaudited pro forma combined financial information is based on the historical combined financial information of the RGHL Group and Evergreen, as adjusted to illustrate the estimated pro forma effects of the impact of the Evergreen Transaction and the Existing Financing Arrangements. For further information regarding the Evergreen Transaction and the Existing Financing Arrangements, see "The Transactions." The unaudited pro forma combined balance sheet gives effect to the Evergreen Transaction as if it had occurred on December 31, 2009. The unaudited pro forma combined income statement gives effect to the Evergreen Transaction and the Existing Financing Arrangements as if they had occurred on January 1, 2009.

For purposes of this presentation, we have presented the information as if the historical RGHL Group would be the predecessor entity for accounting purposes following the Evergreen Transaction. However, because of the timing of the Initial Evergreen Acquisition, Evergreen will become the predecessor entity for accounting purposes after completion of the Evergreen Transaction. The order in which the tabular information is presented does not impact the Pro Forma Combined Group Information.

The historical financial information included in the unaudited pro forma combined financial information has been prepared in accordance with IFRS in all material respects. The unaudited pro forma adjustments are based upon current available information and assumptions that we believe to be reasonable.

The combined historical financial information is for informational purposes only and is not intended to represent or to be indicative of the consolidated results of operations or financial position that the RGHL Group or the pro forma combined group would have reported had the Evergreen Transaction and the Existing Financing Arrangements been completed as of the dates set forth in this unaudited pro forma combined financial information and should not be taken as indicative of our future consolidated results of operations or financial position. The actual results may differ significantly from those reflected in the unaudited pro forma combined financial information for a number of reasons, including, but not limited to, differences between the assumptions used to prepare the unaudited pro forma combined financial information and actual amounts. As a result, the pro forma combined information does not purport to be indicative of what the financial condition or results of operations would have been had the transactions been completed on the applicable dates of the unaudited pro forma combined financial information.

We have determined that the Evergreen Acquisition is a business combination under common control. Therefore, purchase accounting will not be applied to the Evergreen Acquisition and we will maintain the historical cost basis in this pro forma combined financial information and in the future consolidated financial statements of the RGHL Combined Group following the consummation of the Evergreen Acquisition. As a result, any difference between the purchase consideration paid to acquire Evergreen and the assets and liabilities acquired will be recognized directly in the equity of the RGHL Combined Group as set forth on its combined balance sheet. In addition, our accounting policy to defer recasting our financial statements to reflect common control accounting until after the completion of the Evergreen Acquisition. Once the Evergreen Acquisition is complete, the RGHL Group financial statements will be recasted to include the results of Evergreen from January 31, 2007. The stand-alone financial statements of Evergreen for the years ended December 31, 2007, 2008 and 2009 are included elsewhere in this information statement.

The unaudited pro forma combined income statement does not include (i) any revenue or cost saving synergies that may be achievable subsequent to the completion of the Evergreen Transaction or (ii) the impact of non-recurring items directly related to the Evergreen Transaction. In addition, the unaudited pro forma combined financial information does not give effect to any of the adjustments made to derive the RGHL Combined Group Adjusted EBITDA, which are each described under "Summary Historical and Pro Forma Financial and Other Data."

As specified in "The Transactions", the RGHL Transaction was completed on November 5, 2009. The RGHL Transaction involved the repayment of certain existing indebtedness and the incurrence of indebtedness under the Senior Secured Credit Facilities and the 2009 Notes. The unaudited pro forma combined income statement includes a pro forma adjustment to illustrate the impact of the Existing Financing Arrangements as if they had occurred as of January 1, 2009.

The historical financial information of the Evergreen Group includes certain legal entities that will not be acquired by the RGHL Group as part of the Evergreen Transaction. These legal entities are passive holding companies with no operations. Carve-out adjustments have been included in the pro forma adjustments to remove the impact of these holding companies from the consolidated Evergreen Group historical financial information.

Unaudited Pro Forma Combined Balance Sheet as of December 31, 2009

	Historical RGHL Group(1)	Historical Evergreen Group(4)	Evergreen Group Carve-out Adjustments(5)	Pro Forma Evergreen Group(6)	Adjustments for the Evergreen Transaction(7)	Pro Forma Combined Group(9)
	(In E millions)					
Assets						
Cash and cash equivalents	$ 228.5	A107.1	$ (2.4)	A104.7	$ 97.5(a)	$ 430.7
Trade and other receivables	364.2	120.9	—	120.9	(8.5)(b)	476.6
Inventories	303.6	166.5	—	166.5	—	470.1
Current tax asset	5.9	—	—	—	—	5.9
Derivatives	4.4	—	—	—	—	4.4
Prepayments	—	9.3	—	9.3	—	9.3
Assets held for sale	—	4.2	—	4.2	(1.9)(j)	2.3
Other assets	36.0	0.5	—	0.5	—	36.5
Total current assets	**942.6**	**408.5**	**(2.4)**	**406.1**	**87.1**	**1,435.8**
Other receivables	199.0	13.3	—	13.3	—	212.3
Investments in associates and joint ventures (equity method)	62.7	7.2	—	7.2	—	69.9
Deferred tax assets	37.6	47.7	—	47.7	—	85.3
Property, plant and equipment	817.1	371.9	—	371.9	—	1,189.0
Investment property	53.1	—	—	—	—	53.1
Intangible assets	2,202.9	65.0	—	65.0	—	2,267.9
Derivative assets	11.7	—	—	—	—	11.7
Other assets	8.4	4.2	—	4.2	—	12.6
Total non-current assets	**3,392.5**	**509.3**	—	**509.3**	—	**3,901.8**
Total assets	**4,335.1**	**917.8**	**(2.4)**	**915.4**	**87.1**	**5,337.6**
Liabilities						
Bank overdraft	0.8	—	—	—	—	0.8
Trade and other payables	438.9	98.0	(1.0)	97.0	(0.1)(b)	535.8
Borrowings	28.2	51.1	—	51.1	(37.0)(d)	42.3
Current tax liabilities	25.7	7.3	(1.6)	5.7	—	31.4
Employee benefits	60.7	27.0	—	27.0	—	87.7
Provisions	40.3	7.5	—	7.5	—	47.8
Other liabilities	—	1.4	—	1.4	—	1.4
Total current liabilities	**594.6**	**192.3**	**(2.6)**	**189.7**	**(37.1)**	**747.2**
Other payables	1.9	—	—	—	—	1.9
Borrowings	2,960.5	468.5	(58.5)	410.0	774.9(e)	4,145.4
Deferred tax liabilities	205.1	99.2	—	99.2	—	304.3
Derivatives	7.5	—	—	—	—	7.5
Employee benefits	140.8	19.3	—	19.3	—	160.1
Provisions	23.7	1.5	—	1.5	—	25.2
Total non-current liabilities	**3,339.5**	**588.5**	**(58.5)**	**530.0**	**774.9**	**4,644.4**
Total liabilities	**3,934.1**	**780.8**	**(61.1)**	**719.7**	**737.8**	**5,391.6**
Net assets	**401.0**	**137.0**	**58.7**	**195.7**	**(650.7)**	**(54.0)**
Share capital	939.1	18.1	44.6	62.7	(62.7)(f)	939.1
Reserves	(345.9)	(20.0)	15.1	(4.9)	(588.0)(g)	(938.8)
Retained earnings (accumulated deficit)	(200.0)	135.3	(1.0)	134.3	—	(65.7)
Equity attributable to equity holder of the parent entity	**393.2**	**133.4**	**58.7**	**192.1**	**(650.7)**	**(65.4)**
Minority interests	7.8	3.6	—	3.6	—	11.4
Total equity	E **401.0**	E**137.0**	E **58.7**	E**195.7**	E**(650.7)**	E **(54.0)**

Unaudited Pro Forma Combined Income Statement for the Year Ended December 31, 2009

	Historical RGHL Group(1)	Adjustments for the full year effect of the financing components of the RGHL Transaction(2)	Pro Forma RGHL Group(3)	Historical Evergreen Group(4)	Evergreen Group Carve-out Adjustments(5)	Pro Forma Evergreen Group(6)	Adjustments for the Evergreen Transaction(7)	Pro Forma Combined Group(8)
				(In E millions)				
Revenue	**€ 2,816.0**	E	**€2,816.0**	**€ 1,024.0**	E **—**	**€1,024.0**	**E (1.4)(i)**	**€ 3,838.6**
. Cost of sales	(2,252.5)	—	(2,252.5)	(753.3)	—	(753.3)	1.4(i)	(3,004.4)
Gross profit	563.5	—	563.5	270.7	—	270.7	—	834.2
Other income	116.4	—	116.4	17.4	—	17.4	—	133.8
Selling, marketing and distribution expenses	(117.6)	—	(117.6)	(15.0)	—	(15.0)	—	(132.6)
General and administration expenses	(200.4)	—	(200.4)	(54.9)	—	(54.9)	0.9(c)	(254.4)
Other expenses	(42.0)	—	(42.0)	(9.4)	—	(9.4)	—	(51.4)
Share of profit of associates and joint ventures, net of income tax (equity method)	6.5	—	6.5	1.6	—	1.6	—	8.1
Profit (loss) from operating activities	**326.4**	—	**326.4**	**210.4**	—	**210.4**	**0.9**	**537.7**
Financial income	13.7	—	13.7	0.2	—	0.2	—	13.9
Financial expenses	(264.9)	2.2(a)	(262.7)	(105.4)	1.9(b)	(103.5)	7.7(h)	(358.5)
Net financial expenses	**(251.2)**	**2.2**	**(249.0)**	**(105.2)**	**1.9**	**(103.3)**	**7.7**	**(344.6)**
Profit (loss) before income tax	**75.2**	**2.2**	**77.4**	**105.2**	**1.9**	**107.1**	**8.6**	**193.1**
Income tax benefit (expense)	(64.2)	(0.8)(b)	(65.0)	(41.5)	(0.4)	(41.9)	(11.1)(k)	(118.0)
Profit (loss) from continuing operations	**€ 11.0**	**€1.4**	**€ 12.4**	**€ 63.7**	**€ 1.5**	**€ 65.2**	**€ (2.5)**	**€ 75.1**

NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

(1) Historical RGHL Group

The historical financial information of the RGHL Group is derived from:

- the audited historical consolidated balance sheet of the RGHL Group as of December 31, 2009; and
- the audited historical consolidated income statement of the RGHL Group for the year ended December 31, 2009,

in each case, included elsewhere in this information statement.

(2) Adjustments for the full year effect of the financing components of the RGHL Transaction

The RGHL Transaction was completed on November 5, 2009. In accordance with RGHL's accounting policy for common control transactions, the RGHL Group financial statements were recasted to include the results of the Closures Group and the Reynolds Consumer Group from February 29, 2008, the date of acquisition by Graeme Hart, our strategic owner.

The RGHL Transaction involved the repayment of certain existing indebtedness and the incurrence of new indebtedness under the Senior Secured Credit Facilities and the 2009 Notes. Adjustments have been made to give the full year effect of these transactions.

(a) Represents the net adjustment to net financial expenses as if the RGHL Transaction had occurred on January 1, 2009, comprising:

	For the Year Ended December 31, 2009 (In $ millions)	For the Year Ended December 31, 2009 (In € millions)(viii)
Interest expense on the 2009 Notes(i)	$(105.5)	€(72.0)
Amortization of 2009 Notes original issue discount and issuance costs(ii)	(9.0)	(6.0)
Interest expense on Senior Secured Credit Facilities(iii)	(68.0)	(46.5)
Amortization of Senior Secured Credit Facilities original issue discount and issuance costs(iv)	(4.5)	(3.0)
Adjustment for SIG Senior Credit Facility interest expense(v)	48.9	35.4
Adjustment for Reynolds Facility interest expense(v)	83.0	60.1
Adjustment for unamortized debt issuance costs(vi)	34.7	25.1
Foreign exchange gains (losses) on the 2009 Notes and new intercompany loans(vii)	12.6	9.1
Net adjustment to give full year effect to net financial income/(expenses)	**$ (7.8)**	**€ 2.2**

(i) Reflects the incremental cash interest expense of 7.75% on the $1,125.0 million principal amount of the 2009 Dollar Notes and €450.0 million principal amount of the 2009 Euro Notes. Interest on the 2009 Dollar Notes is paid in dollars and interest on the 2009 Euro Notes is paid in euros.

(ii) Reflects the incremental non-cash amortization of the $23.0 million of original issue discount and the $58.8 million of deferred note issuance costs, net of the embedded derivatives in connection with the 2009 Notes. This non-cash expense has been calculated using the Effective Interest Method. A portion of the original discount and note issuance costs is denominated in dollars and a portion is denominated in euros.

(iii) Reflects the incremental cash interest expense of 6.25% on the $1,035.0 million principal amount of term loan and €250.0 million principal amount of the term loan drawn under the Senior Secured

Credit Facilities. The interest rate on the term loans under the Senior Secured Credit Facilities of 6.25% is based on an adjusted LIBOR ($ tranche) or EURIBOR (A tranche) floor of 2.0% plus 425 basis points. Each 0.125% change in the assumed interest rate would change the incremental cash interest by $1.6 million (A1.1 million); however because LIBOR and EURIBOR rates were under the 2% floor as of December 31, 2009, a 0.125% change in the assumed interest rate would not impact interest expense.

(iv) Reflects the incremental non-cash amortization of the $13.9 million of original issue discount and the $50.8 million of deferred debt issuance costs arising from the Senior Secured Credit Facilities. This non-cash expense has been calculated using the Effective Interest Method. A portion of the original issue discount and Senior Secured Credit Facilities borrowing costs is denominated in dollars and a portion is denominated in euros.

(v) Represents the historical interest expense and amortization of deferred debt issuance costs for the respective facilities that were repaid in connection with the RGHL Transaction.

(vi) Represents the extinguishment of the unamortized deferred debt issuance costs for the respective facilities that were repaid in connection with the RGHL Transaction.

(vii) The 2009 Notes are denominated in dollars and euros. Lux Issuer, the issuer of the 2009 Euro Notes, also issued $377.2 million of the 2009 Dollar Notes. Lux Issuer maintains its accounting records in euro which is its functional currency. Furthermore, certain intercompany loans within the RGHL Group that arose from the on-lending of a portion of the proceeds from the issuance of the 2009 Notes are in a currency other than the currency in which Lux Issuer and the borrowers of the intercompany loans maintain their accounting records. Consequently, the adjustment represents unrealized foreign exchange (gains) and losses due to historical exchange rate movements. Under IFRS, these unrealized foreign exchange gains and (losses) are recognized within the income statement as a component of net financial expenses. Currency markets are volatile. This unaudited pro forma financial information reflects the impact of favorable exchange rate movements during the year ended December 31, 2009. There is no assurance that these results are indicative of the foreign exchange gains and (losses) that will be recognized in future periods.

(viii) The exchange rates used to convert these financial expenses from dollars into euro as of December 31, 2009 are as follows:

- 2009 Notes and Senior Secured Credit Facilities . . $1.4663 = €1.00
- SIG Credit Facility and Reynolds Facility . . . . $1.3814 = €1.00

The use of different exchange rates for conversion of our financial expenses has resulted in net financial expense when calculated in dollars and net financial income when calculated in euros.

(b) Represents the net adjustment to income tax benefit (expense) as if the RGHL Transaction had occurred on January 1, 2009. The tax expense has been calculated using respective local statutory tax rates which range from 28% to 38%. A portion of tax benefit arising from the interest on the 2009 Notes has not been recognized as this potential tax benefit would be generated by entities that are unable to satisfy the criteria required for the recognition of a tax loss asset.

(3) Pro Forma RGHL Group

Represents the historical RGHL Group adjusted for the full year impact of the Existing Financing Arrangements. The adjustments are described in (2) above.

(4) Historical Evergreen Group

The historical financial information of the Evergreen Group is derived from:

- the audited historical consolidated balance sheet of the Evergreen Group as of December 31, 2009; and

- the audited historical consolidated income statement of the Evergreen Group for the year ended December 31, 2009,

in each case, included elsewhere in this information statement.

For the purposes of presenting the unaudited pro forma combined financial information:

- the balance sheet data of the Evergreen Group as of December 31, 2009 has been converted into euro at an exchange rate of $1.4332 = €1.00; and

- the income statement data of the Evergreen Group for the year ended December 31, 2009 has been converted into euro at an exchange rate of $1.3955 = €1.00.

(5) Evergreen Group Carve-Out Adjustments

The financial information of the historical Evergreen Group includes certain legal entities that will not be acquired by the RGHL Group as part of the Evergreen Transaction. These legal entities are passive holding companies with no operations.

(a) Represents the balance sheet carve-out adjustments for Evergreen:

	(In $ millions)	(In E millions)(v)
Cash and cash equivalents(i)	$ (3.4)	€ (2.4)
Trade and other payables(ii)	1.4	1.0
Current tax liabilities(iii)	2.3	1.6
Borrowings(iv)	83.9	58.5
Net assets	**$84.2**	**€58.7**

(i) Represents the historical cash balances of Evergreen Packaging NZ Limited.
(ii) Represents the historical intercompany trade payables of Evergreen Packaging NZ Limited that will not be transferred as part of the Evergreen Transaction.
(iii) Represents the historical current tax liabilities of Evergreen Packaging NZ Limited, which are principally composed of the New Zealand controlled foreign corporations ("CFC") tax liability.
(iv) Represents the historical related party borrowings of Evergreen Packaging NZ Limited, which are non-interest bearing and are not being transferred to the RGHL Group.
(v) All amounts converted into euro as of December 31, 2009 at an exchange rate of $1.4332 = €1.00.

(b) Represents the income statement carve-out adjustments for Evergreen:

	(In $ millions)	(In E millions)(iii)
Financial income (expense)(i)	$ 2.7	€ 1.9
Income tax benefit (expense)(ii)	(0.5)	(0.4)
Profit (loss) from continuing operations	**$ 2.2**	**€ 1.5**

(i) Represents the foreign currency losses on Evergreen Packaging NZ Limited's historical cash and debt balances.

(ii) Represents the income tax expense of Evergreen Packaging NZ Limited, offset by the New Zealand controlled foreign corporation ("CFC") tax adjustment.

(iii) All amounts converted into euro as of December 31, 2009 at an exchange rate of $1.3955 = €1.00.

(6) Pro Forma Evergreen Group

Represents the Historical Evergreen Group adjusted for the impact of the carve-out of those entities that will not be acquired by the RGHL Group as part of the Evergreen Transaction. The adjustments are described in (5) above.

(7) Adjustments for the Evergreen Transaction

This adjustment comprises:

- the Evergreen Acquisition;
- the proceeds from an aggregate amount of indebtedness of $1,800 million, net of transaction costs;
- the repayment or release of certain Evergreen Group external borrowings, which the RGHL Combined Group is not assuming following the Evergreen Transaction;
- the repayment or release of certain RGHL and Evergreen related party trade and loan receivables and trade and loan payables; and
- the difference in accounting policies between RGHL and Evergreen.

(a) Represents the net adjustment to cash, calculated as follows:

	(In $ millions)	(In E millions)[vii]
Proceeds from indebtedness[i]	$ 1,800.0	€ 1,225.9
Purchase consideration to acquire the Evergreen Group[ii]	(1,550.0)	(1,081.4)
Repayment of certain Evergreen Group borrowings[iii]	(43.1)	(30.1)
Proceeds from settlement of related party loan receivables[iv]	14.8	10.3
Payment of the estimated fees and expenses[v]	(82.0)	(57.2)
Net adjustment to cash[vi]	**$ 139.7**	**€ 97.5**

(i) Represents the net proceeds from indebtedness incurred in an aggregate principal amount of $1,800.0 million. We have assumed that there will be no original issue discount in connection with the indebtedness incurred. See below for a sensitivity analysis related to the original issue discount, if applicable.

(ii) Represents the purchase consideration of $1,450.0 million, plus an estimated $100.0 million of working capital and other post closing adjustments as of the date of consummation of the Evergreen Acquisition.

(iii) Represents the repayment of Evergreen's current borrowings of $43.1 million under the GE Facility.

(iv) Represents the settlement of intercompany trade receivables of the Evergreen Group for cash.

(v) Represents the payment of an estimated $82 million of fees and expenses associated with indebtedness.

(vi) This amount reflects the use of $48.0 million of cash that will be paid by the RGHL Group in connection with the Whakatane Acquisition.

(vii) All amounts converted into euro as of December 31, 2009 at an exchange rate of $1.4332 = €1.00.

(b) Represents the elimination of intercompany balances existing between the RGHL Group and the Evergreen Group and the settlement of intercompany trade positions of the Evergreen Group, calculated as follows:

	(In $ millions)	(In € millions)(i)
Elimination of intercompany current payables between the RGHL Group and the Evergreen Group(1)	(0.2)	(0.1)
Reduction in current payables	$(0.2)	€ (0.1)

	(In $ millions)	(In € millions)(i)
Settlement of intercompany trade receivables of the Evergreen Group	$(14.8)	€ (10.3)
Increase in intercompany receivables due to the sale of non-strategic assets	2.7	1.9
Elimination of intercompany current receivables between the RGHL Group and the Evergreen Group	(0.2)	(0.1)
Reduction in current receivables	**$(12.3)**	**€ (8.5)**

(i) All amounts converted into euro as of December 31, 2009 at an exchange rate of $1.4332 = €1.00.

(c) Represents the net amortization expense adjustment to align Evergreen Group's amortization expense policy to that of the RGHL Group with respect to intangible assets, calculated as follows:

	(In $ millions)	(In € millions)(i)
Removal of accelerated amortization expense	$1.3	€ 0.9

(i) All amounts converted into euro as of December 31, 2009 at an exchange rate of $1.3955 = €1.00.

(d) Represents the repayment or release of the existing current Evergreen Group external borrowings and the current portion of certain indebtedness, calculated as follows:

	(In $ millions)	(In € millions)(iii)
Certain Indebtedness(i)	$ 20.0	€ 14.0
Release of the existing Evergreen current borrowings(ii)	(30.0)	(20.9)
Repayment of the Evergreen Group current borrowings under the GE Facility	(43.1)	(30.1)
Net adjustment to current borrowings	**$(53.1)**	**€ (37.0)**

(i) Represents the current portion of certain indebtedness, which consists of the assumed first amortization payment of 2.5% of the incremental borrowings.

(ii) Represents the release of the existing current portion of the Evergreen Group external borrowings which are not being assumed by the RGHL Combined Group following the Evergreen Transaction in consideration of the issuance of additional share capital by Evergreen US.

(iii) All amounts converted into euro as of December 31, 2009 at an exchange rate of $1.4332 = €1.00.

(e) Represents the net increase in non-current borrowings, calculated as follows:

	(In $ millions)	(In € millions)[(iii)]
Proceeds from the indebtedness incurred[(i)]	$1,780.0	€ 1,241.9
Estimated fees and expenses associated with the indebtedness incurred	(82.0)	(57.2)
Net proceeds from the indebtedness incurred.	1,698	1184.7
Release of the non-current portion of the Evergreen Group borrowings[(ii)]	(587.3)	(409.8)
Net adjustment to non-current borrowings	**$1,110.7**	**€ 774.9**

(i) Represents the net proceeds from certain indebtedness in an aggregate principal amount of $1,780.0 million. We have assumed that there will be no original issue discount in connection with such indebtedness.

(ii) Represents the release of $589.6 million of existing borrowings, net of unamortized debt issuance costs of $2.3 million, to be assumed by a related party in return for the issuance of additional share capital by Evergreen US and which are not being assumed by RGHL Combined Group following the Evergreen Transaction.

(iii) All amounts converted into euro as of December 31, 2009 at an exchange rate of $1.4332 = €1.00.

(f) Represents the net adjustment to share capital, comprising:

	(In $ millions)	(In E millions)[(i)]
Additional equity arising on the release of the existing Evergreen Group external borrowings[(ii)]	$ 617.3	€ 430.7
Elimination of Evergreen Group pre-acquisition share capital	(707.2)	(493.4)
Net adjustment to share capital	**$ (89.9)**	**€ (62.7)**

(i) All amounts converted into euro as of December 31, 2009 at an exchange rate of $1.4332 = €1.00.

(ii) Represents the equity to be issued to subsidiaries in consideration of the release of $617.3 million of existing borrowings net of debt issuance costs, which will not be assumed by the RGHL Combined Group following the Evergreen Transaction.

(g) Represents the net adjustment to equity reserves, comprising:

	(In $ millions)	(In E millions)[(ii)]
Consideration paid for the Evergreen Group (including expected working capital adjustments)	$(1,550.0)	€ (1,081.4)
Pro forma Evergreen Group issued capital	89.9	62.7
Additional equity arising on the release of the existing Evergreen Group external borrowings	617.3	430.7
Net adjustment to equity reserves	**$ (842.8)**	**€ (588.0)**

(i) All amounts converted into euro as of December 31, 2009 at an exchange rate of $1.4332 = €1.00.

(h) Represents the net adjustment to net financial expenses as if the Evergreen Transaction had occurred on January 1, 2009, comprising:

	(In $ millions)	(In E millions)[iv]
Interest expense on indebtedness [i]	$ (131)	€ (93.9)
Amortization of indebtedness original issue discount and issuance costs[ii]	(10)	(7.1)
Additional interest expense certain of our indebtedeness	**(121)**	**(86.8)**
Foreign exchange (gains) losses on indebtedness and new intercompany loans[v]	9.6	6.9
Pro forma additional financial expenses	**(111.4)**	**(79.9)**
Elimination of historical interest and foreign exchange (gains) losses on Evergreen Group external borrowings[iii]	140.5	100.7
Elimination of historical interest on Evergreen Group borrowing under the GE Facility[iii]	1.5	1.1
Net adjustment to financial expenses	**$ 10.6**	**€ 7.7**

(i) Assumes an interest rate of 8.50% on the principal amount of certain of our indebtedness. Each 0.125% change in the assumed interest rate would change the annual interest expense by $1.3 million (€0.9 million).

(ii) Reflects non-cash amortization expense of debt issuance costs associated with certain of our indebtedness. This non-cash expense has been calculated using the Effective Interest Method.

(iii) Reflects the elimination of historical interest expense in relation to the release of existing external borrowings in exchange for the issuance of additional issued capital by Evergreen US as part of the Evergreen Transaction. This adjustment comprises interest payments, amortization of deferred debt issuance costs and unrealized foreign exchange movements on that portion of the borrowings drawn by an entity in a currency other than its functional currency.

(iv) All amounts converted into euro as of December 31, 2009 at an exchange rate of $1.3955 = €1.00.

(i) Represents the intercompany sales and cost of sales between the RGHL Group and the Evergreen Group, calculated as follows:

	(In $ millions)	(In € millions)[i]
Revenue	$(2.0)	€ (1.4)
Cost of sales	2.0	1.4
Gross profit	$ —	€ -

(i) All amounts converted into euro as of December 31, 2009 at an exchange rate of $1.3955 = €1.00.

(j) Represents the sale of the Richmond converting plant, a non-strategic asset of the Evergreen Group to be settled through a related party receivable:

	(In $ millions)	(In E millions)[i]
Sale of non-strategic assets	$(2.7)	€ (1.9)

(i) All amounts converted into euro as of December 31, 2009 at an exchange rate of $1.4332 = €1.00.

(k) Represents the net adjustment to income tax (expense) benefit as if the Evergreen Transaction occurred on January 1, 2009. The tax benefit has been calculated using respective local statutory tax rates which range from 28% to 38%. Approximately €6.6 million of the pro forma tax benefit arising from the interest expense on certain indebtedness incurred has not been recognized, as this potential tax benefit will be generated by entities that are unable to satisfy the criteria required for the recognition of a tax loss asset.

(8) RGHL Combined Group Depreciation and Amortization

The income statement includes both cost of sales and general and administration expenses, and included in each of these line items are depreciation and amortization expense. The following table presents the calculation of the pro forma depreciation and amortization expense derived from the applicable accounting records for the period ended December 31, 2009:

	(In $ millions)	(In E millions)
RGHL Group	$386.6	€ 277.0
Evergreen Group	63.7	45.7
Total period ended December 31, 2009	**$450.3**	**€ 322.7**

(9) Borrowings

The following table identifies the components of our current and non-current borrowings line items.

	(In $ millions)	(In € millions)
Indebtedness Incurred(i)	$ 1,718	€ 1,198.7
2009 Notes(ii)	1,683.4	1,174.5
Senior Secured Credit Facilities(iii)	1,340.1	935.0
2007 Senior Notes(iv)	666.9	465.3
2007 Senior Subordinated Notes(v)	582.9	406.7
Finance lease obligations	4.6	3.4
Other borrowings	5.9	4.1
Total borrowings	6,001.8	4,187.7
Current borrowings	60.5	42.3
Non-current borrowings	5,941.3	4,145.4
Total borrowings	**$6,001.8**	**€ 4,187.7**

(i) Represents the net proceeds from the indebtedness incurred in aggregate principal amount of $1,800.0 million, net of $82 million of debt issuance costs.

(ii) Represents the net proceeds from the 2009 Notes of $1,125.0 million and €450.0 million, net of A15.9 million original issue discount and €52.6 million of debt issuance costs, offset by €10.0 million of embedded derivatives.

(iii) Represents the net proceeds from the Senior Secured Credit Facilities in principal amounts of $1,035.0 million and €250.0 million, net of €12.6 million original issue discount and €22.6 million of debt issuance costs.

(iv) Represents the €480.0 million senior notes, net of €14.7 million unamortized debt issuance costs.

(v) Represents the €420.0 million senior subordinated notes, net of €13.3 million unamortized debt issuance costs.

Our total indebtedness of €4,374.9 million includes total borrowings of €4,187.7 million and (i) derivative liabilities of €7.5 million (ii) bank overdrafts of €0.8 million and (iii) debt issuance costs and original issue discounts of €178.9 million.

EVERGREEN OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Overview

Evergreen is a vertically integrated, leading manufacturer of fresh carton packaging for beverage products, primarily serving the juice and milk end markets. Evergreen supplies integrated fresh carton packaging systems, which include fresh cartons, spouts, caps and closures, filling machines and related services. In addition, Evergreen manufactures liquid packaging board, using 52% of it internally at its converting facilities in 2009, while selling the rest of it externally to other fresh beverage carton manufacturers. Evergreen also manufactures coated groundwood ("CGW") primarily for catalogs, inserts, magazine and commercial printing, as well as uncoated freesheet ("UFS") primarily for envelope, specialty and offset printing paper. Evergreen had over 700 customers in 2009, with its largest presence in North America.

Basis of Presentation

The discussion and analysis of the Evergreen Group is based on the audited consolidated financial statements of Evergreen as of and for the years ended December 31, 2009, 2008 and 2007. These financial statements have been restated for errors in the statement of cashflows as described in note 36 of the audited consolidated financial statements of the Evergreen Successor included elsewhere in this information statement. The year ended December 31, 2007 represents the consolidated results of operations of Evergreen for 11 months in 2007, which include the results of operations of Blue Ridge for 5 months in 2007.

Accounting Principles

Evergreen's consolidated financial statements are prepared in accordance with IFRS.

Reporting Currency

Evergreen's historical financial statements are presented in dollars, which is the presentation currency of the Evergreen Group. In accordance with IAS 21, the financial results are translated from the functional currency of a given entity into dollars using the following principles: (a) the assets and liabilities for each statement of financial position are translated at the closing rate as of the reporting date, (b) income and expense items for each profit or loss item are translated at average exchange rates during the year and (c) items of other comprehensive income are translated at average exchange rates. Refer to note 2.4 in the Evergreen financial statements included elsewhere in this information statement for further details.

Sources of Revenue from Third Parties

Evergreen's primary source of revenue is the sale of fresh carton packaging systems which are primarily sold directly to juice and milk producers. Fresh carton packaging systems include fresh cartons, spouts, caps and closures, filling machines and related services. Evergreen also manufactures liquid packaging board. Evergreen used 52% of its liquid packaging board in the manufacture of its own fresh cartons in 2009. The remaining liquid packaging board produced was previously sold to other fresh carton manufacturers, cup manufacturers and PET tray manufacturers, from which it generates revenue. Evergreen also manufactures and sells paper products, including CGW, primarily for catalogs, inserts, magazine, and commercial printing, as well as UFS primarily for envelope, specialty and offset printing paper.

The following table provides an overview of Evergreen's revenue by product type for the year ended

December 31, 2009:

(in % of total revenue)	**2009**
Cartons	50%
Liquid Packaging Board	23%
Coated Groundwood	8%
Uncoated Freesheet	16%
Filling Machines	3%
Total	**100%**

In 2008, the revenue by product type was similar to 2009.

Critical Accounting Policies

Evergreen's critical accounting policies are those that Evergreen believes are most important to the presentation of its financial position and results and that require the most difficult, subjective or complex judgments. In many cases, the accounting treatment of a particular transaction is specifically dictated by IFRS with no need for the application of judgment. For more information, see note 3 of the Evergreen financial statements included elsewhere in this information statement. In certain circumstances, however, the preparation of Evergreen's financial statements in conformity with IFRS requires Evergreen to use its 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 financial statements and the reported amounts of revenue and expenses during the reporting period. We believe the policies described below are Evergreen's most critical accounting policies.

Accounting for Business Combinations

Acquisition of Businesses from Third Parties

Evergreen accounts for business combinations, where the business is acquired from an unrelated third party, under the purchase method of accounting. The excess of the purchase price over the fair value of tangible assets and liabilities 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 amortized. Other acquired intangible assets with finite lives are amortized on an accelerated cost recovery basis over the period of expected benefit. For more information, see note 3.8(f) of the Evergreen financial statements included elsewhere in this information statement.

The results of operations for businesses as acquired from third parties are included in Evergreen's financial statements from the date of acquisition.

The allocation of the purchase price to the fair value of acquired assets and liabilities involves assessments of the expected future cash flows associated with individual assets and liabilities and appropriate discount rates at the date of the acquisition.

Subsequent changes in Evergreen's assessments of the value of the acquired assets and liabilities may trigger an impairment loss that would be recognized in the statement of comprehensive income.

For more information, see note 22.1 of the Evergreen financial statements included elsewhere in this information statement.

Acquisition of Businesses from Entities under Common Control

IFRS is silent on the accounting required for business combinations involving entities that are under common control.

Evergreen accounts for business combinations where the business is acquired from an entity that is under the common control of Evergreen's ultimate shareholder using the carry-over or book value method. Under the carry-over or book value method, the business combination does not change the historical carrying value of the assets and liabilities in the business acquired. The excess of the purchase price over the carrying value of the share capital acquired is recognized directly in equity. No additional goodwill is recognized as a result of these transactions.

Evergreen accounts for business combinations under common control prospectively from the date that Graeme Hart, Evergreen's ultimate shareholder, originally obtained control of all of the businesses.

Impairment of goodwill, intangible assets and property, plant and equipment

Evergreen assesses the carrying values of goodwill, identifiable intangible assets and property, plant and equipment in accordance with the requirements of IFRS. Goodwill and intangible assets with indefinite useful lives are assessed for impairment at least annually. Other non-current assets are tested when a trigger event may indicate the existence of impairment. If any such indication of impairment exists, the asset's recoverable amount is estimated.

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

In estimating future cash flows, Evergreen makes estimates with respect to the useful lives of its assets. Changes in circumstances, including the relative cost efficiency of its production facilities, may cause Evergreen to change these estimates from time to time. In addition because these are estimates, the actual useful life of an asset may be different from Evergreen's 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 statement of comprehensive income.

Impairment losses recognized in respect to 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 those related to 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. Any impairment loss related to goodwill is not reversed.

As of December 31, 2009, Evergreen had $626.3 million of goodwill, other intangible assets and property, plant and equipment recorded on its statement of financial position. Any impairment in the value of goodwill, intangible assets or property, plant and equipment would result in a reduction in the carrying value in the statement of financial position and an expense recognized in Evergreen's statement of comprehensive income. For the year ended December 31, 2009, Evergreen recognized $6.1 million of impairment charges on property, plant and equipment and other assets.

Income Taxes

Evergreen is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining its 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. Evergreen recognizes liabilities for tax issues based on estimates of whether additional taxes will be due and on Evergreen's best interpretation of the relevant tax laws then in effect. In cases where the final outcome of these tax matters is different from the amounts that were initially recorded, the differences impact the current and deferred income tax provision for the period in which the determination is made.

Evergreen recognizes 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 Evergreen operates and the period over which deferred tax assets are recoverable. In the event that actual results differ from these estimates in future periods and depending on the tax strategies that Evergreen may have been able to implement, changes to the recognition of deferred tax assets could be required, and thus could impact Evergreen's financial position and results of operations.

Provisions

Evergreen recognizes a provision in the statement of financial position when it has 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. Provisions are determined by discounting the expected future cash flows related to such obligation 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.

Employee Benefits — Post-Employment Benefit Obligations

Post-employment benefits represent obligations that will be settled in the future and require assumptions to project benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of future benefit costs over the applicable employee's approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires Evergreen to make certain assumptions regarding variables such as discount rate, rate of compensation increase, return on assets and future healthcare costs. Evergreen consults with third-party actuaries regarding these assumptions at least annually. Changes in these key assumptions, including the market value of the assets associated with these obligations, can have a significant impact on Evergreen's defined benefit obligations, future funding requirements and post-employment benefit costs recognized. While Evergreen believes that its assumptions of future returns are reasonable and appropriate, significant differences in actual experience or inaccuracies in assumptions may materially affect its benefit plan obligations and future benefit plan expense. For more information, see note 26 of the Evergreen financial statements included elsewhere in this information statement.

Workers' Compensation and Employee Health Claims

Evergreen is responsible for certain losses related to workers' compensation claims in the United States. Evergreen also maintains third-party insurance coverage for large claims at levels that are customary and consistent with industry standards for groups of similar size. Presently there are a number of outstanding claims that are routine in nature.

Evergreen is responsible for certain losses related to employee health claims. Evergreen also maintains third-party insurance coverage for large claims at levels that are customary and consistent with industry standards for companies of similar size. Presently there are a number of outstanding claims that are of a routine nature.

Provisions for these liabilities are based on actual historical claims data and expected future costs, which are discounted using a discounted cash flow model. Actual outcomes may vary from our historical information.

Key Factors Influencing Evergreen's Financial Condition and Results of Operations

Restructuring and Cost Savings Programs

Evergreen has completed a number of restructuring and cost saving programs over the past three years in order to reduce its operating costs. Evergreen's restructuring and cost saving programs have included the following initiatives:

- Workforce reductions;
- Consolidation of facilities;
- Streamlining of corporate overhead; and
- Reduction of raw material costs.

As part of the restructuring and cost saving programs, Evergreen recorded restructuring costs which have decreased EBITDA by $2.9 million, $3.9 million, and $7.1 million for the years ended December 31, 2009, 2008 and 2007, respectively. These restructuring costs are cash costs and mainly consist of employee termination costs and plant closure costs. Evergreen also incurred $36.0 million and $17.8 million of capital expenditures for the years ended December 31, 2009 and 2008, respectively, for the optimization of its extruder capacity at its Pine Bluff mill (the "Extruder Optimization Project") and realized $8.7 million in cost savings during 2009 in relation to the Extruder Optimization Project, and expects to realize $10.9 million in cost savings in 2010. In 2009, Evergreen incurred $13.2 million in consultancy costs in connection with the implementation of a new project ("Project Step") designed to optimize business processes, including the purchase of raw materials and other inputs. Evergreen expects to realize $26.0 million of total cost savings from the initiation of Project Step through the end of fiscal year 2010.

Black Liquor Credits

The black liquor credit is a tax credit that benefits companies that use alternative fuel mixtures to produce energy to operate their businesses (the "Black Liquor Credit"). The Black Liquor Credit, equal to $0.50 per gallon of alternative fuel contained in the applicable mixture, is refundable to the taxpayer. In May 2009, Evergreen's application to register as an alternative fuel mixer at its Canton and Pine Bluff facilities was approved. For the year ended December 31, 2009, Evergreen filed claims for alternative fuel mixture credits covering eligible periods from January 2009 to December 2009, totaling $235.0 million. As a result of these claims, for the year ended December 31, 2009, Evergreen recognized a reduction in its cost of sales of $214.1 million, which equates to the claim value net of applicable expenses. The alternative fuel mixture credit was considered taxable income under the U.S. federal income tax regulation. The tax credit, as it relates to liquid fuels derived from biomass, expired on December 31, 2009. Consequently, Evergreen does not expect any Black Liquor Credits for the year ending December 31, 2010.

Raw Material and Energy Prices

Evergreen's results of operations have in the past been, and will continue to be in the future, impacted by changes in the costs of raw materials, including fiber, PE resin and commodity chemicals, and energy, including fuel oil, electricity, natural gas and coal.

Raw material costs accounted for approximately 16%, 26% and 22% of Evergreen's revenue for the years ended December 31, 2009, 2008 and 2007, respectively and energy costs accounted for approximately 29%, 26% and 25% of Evergreen's revenue for the years ended December 31, 2009, 2008 and 2007, respectively. The prices for inputs can fluctuate significantly, particularly those for energy and petroleum-based chemicals like polyethylene and latex. Evergreen purchases most of its raw materials on the spot market and generally cannot immediately pass on price increases to its customers. Similarly, Evergreen is not immediately obligated to pass on favorable changes in raw material prices to its customers. Evergreen has taken steps to minimize the impact of the volatility of raw material prices through financial hedging, fixed supplier pricing and reducing the lag time in contractual customer pass-through price mechanisms. While Evergeen has moved a number of customers to index-based cost pass-through contracts, some of Evergreen's ability to recover input cost movement is limited, due to annualized fixed price sales contracts and to market acceptance of pass-through pricing, which usually occurs on a quarterly to yearly basis.

Effect of Currency Fluctuations

Evergreen's businesses operate in a number of geographical areas and transact in a range of currencies. In addition to the dollar, currencies in which Evergreen's transactions primarily are denominated are the New Zealand Dollar, Chinese Yuan Renminbi, Japanese Yen, Korean Won, Euro and Canadian Dollar. Exchange rate fluctuations can therefore either increase or decrease revenue and expense items when reported in dollars. For most financial periods, the impact on revenue due to fluctuations in exchange rates has been partially offset by the impact on expenses, as most of Evergreen's business units incur revenue and expenses in their respective local currencies, creating a natural hedge to currency fluctuations.

In addition, most of Evergreen's indebtedness is denominated in New Zealand dollars. Consequently, exchange rate fluctuations between the dollar and the New Zealand dollar can either increase or decrease Evergreen's financial income or financial expenses. Historically, when the dollar appreciates in value against the NZ$, we recognize an unrealized foreign exchange gain which is included in financial income. Conversely, when the dollar depreciates in value against the NZ$, we recognize an unrealized foreign exchange loss which is included in financial expenses. However, in connection with the Evergreen Transaction, such indebtedness will either be released or repaid in full and which will not be assumed by the RGHL Combined Group following the Evergreen Transaction. See "The Transactions — The Evergreen Transaction."

Pricing and Product Mix

Evergreen's results of operations have in the past been, and will continue to be in the future, impacted by changes in its product mix and prices. While product mix can vary from year to year, they have not historically been a major contributor to yearly earnings fluctuations. The volume of liquid packaging board sold to third parties is impacted by market dynamics that can drive product mix in areas of liquid packaging board, and cup stock. Market pricing and movements that correlate with input cost fluctuations continue to be the primary driver for liquid packaging board.

Similar to liquid packaging board, the paper markets are not typically subject to major earnings impacts due to product mix. CGW mix can be impacted by basis weight and/or brightness trends. UFS mix can be impacted by the higher end envelope market versus the need to increase volumes in the lower margin offset market as well as customer mix (i.e. export vs. domestic). Market dynamics, which impact pricing and customer mix continue to be the primary driver of revenue for both CGW and UFS.

Seasonality and Working Capital Fluctuations

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

The Initial Evergreen Acquisition, Substantial Leverage and Other Transactions-Related Effects

Evergreen's results of operations and financial position were significantly impacted by the effects of the Initial Evergreen Acquisition, the Blue Ridge Acquisition and the related transactions.

The Initial Evergreen Acquisition was financed with a total of $425.0 million drawn under the Multi-Option Facility Agreement. The Blue Ridge Acquisition was financed by further drawings under the Multi-Option Facility Agreement and advances from related entities. As a result, Evergreen has substantial indebtedness. As of December 31, 2009, Evergreen had (i) $619.6 million of indebtedness under the CHH Senior Credit Facilities, which will be released in connection with the Evergreen Transaction and which will not be assumed by the RGHL Combined Group following the Evergreen Transaction and (ii) $43.1 million of indebtedness under the GE Facility, which will be repaid in full in connection with the Evergreen Acquisition. See "The Transactions — The Evergreen Transaction."

In connection with the Initial Evergreen Acquisition, Evergreen recorded $6.1 million of goodwill. Although goodwill is not subject to amortization under IFRS, it is subject to impairment tests at least annually. As a result of the allocation of the purchase price to identifiable tangible and intangible assets, Evergreen's depreciation and amortization expenses were lower than the amounts recognized before the Initial Evergreen Acquisition.

In addition, in connection with the Blue Ridge Acquisition, Evergreen recorded $39.3 million of goodwill and an additional $33.3 million of identifiable intangible assets as of the date of the Blue Ridge Acquisition. Although goodwill is not subject to amortization under IFRS, it is subject to impairment tests at least annually. As a result of the allocation of the purchase price to identifiable tangible and intangible assets, Evergreen's depreciation and amortization expenses (in relation to the acquired Blue Ridge assets) are significantly higher than the amounts recognized before the Blue Ridge Acquisition.

Results of Operations

	Evergreen					
	December 31, 2009	% of Revenue	December 31, 2008	% of Revenue	December 31, 2007[1]	% of Revenue
	IFRS		IFRS		IFRS	
			(In $ millions)			
Income Statement						
Revenue	**$ 1,429.0**	**100.0**	**$ 1,505.5**	**100.0**	**$ 980.0**	**100.0**
Cost of sales	(1,051.3)	(73.6)	(1,400.1)	(93.0)	(899.4)	(91.8)
Gross profit	**377.7**	**26.4**	**105.4**	**7.0**	**80.6**	**8.2**
Other income	24.3	1.7	36.0	2.4	85.8	8.8
Selling, marketing and distribution expenses	(21.0)	(1.5)	(22.5)	(1.5)	(12.2)	(1.2)
General and administration expenses	(76.6)	(5.4)	(60.2)	(4.0)	(44.9)	(4.6)
Other expenses	(13.0)	(0.9)	(11.2)	(0.7)	(13.8)	(1.4)
Share of profit of associates and joint ventures, net of income tax (equity method)	2.2	0.2	1.0	0.1	0.5	0.1
Profit (loss) from operating activities	**293.6**	**20.5**	**48.5**	**3.2**	**96.0**	**9.8**
Financial income	0.3	—	170.9	11.4	2.6	0.3
Financial expenses	(147.1)	(10.3)	(70.4)	(4.7)	(118.8)	(12.1)
Net financial expenses	**(146.8)**	**(10.3)**	**100.5**	**6.7**	**(116.2)**	**(11.9)**
Profit (loss) before income tax	**146.8**	**10.2**	**149.0**	**9.9**	**(20.2)**	**(2.1)**
Income tax benefit (expense)	(57.9)	(4.1)	(58.0)	(3.9)	32.3	3.3
Profit (loss) from continuing operations	88.9	6.1	$ 91.0	6.0	$ 12.1	1.2
Profit (loss) from discontinued operations, net of income tax						
Profit (loss) for the period	**$ 88.9**	**6.1**	**$ 91.0**	**6.0**	**$ 12.1**	**1.2**
Profit attributable to:						
Equity holder of the company	90.8	6.4	91.0	6.0	12.1	1.2
Minority interests	(1.9)	(0.1)	—	—	—	
Depreciation of property, plant and equipment and amortization of intangible assets	65.0	4.5	62.0	4.1	45.2	4.6
Evergreen Group Stand-Alone EBITDA	$ 358.6	25.1	$ 110.5	7.3	$ 141.2	14.4
Evergreen Group Stand-Alone Historical Adjusted EBITDA	$ 168.3	11.8	$ 118.5	7.9	$ 94.6	9.7

(1) Represents the consolidated results of operations of Evergreen for 11 months in 2007, which include the results of operations of Blue Ridge for 5 months in 2007.

Year ended December 31, 2009 compared to year ended December 31, 2008.

Revenue

Revenue decreased by $76.5 million or 5.1% to $1,429.0 million for the year ended December 31, 2009 compared to $1,505.5 million for the year ended December 31, 2008. This decrease was primarily due to lower sales of paper products. Sales of CGW decreased by approximately $37.0 million due to a combination of lower prices and lower demand for catalogs and magazines as a result of the economic slowdown. External sales of liquid packaging board decreased by approximately $31.0 million mainly as a result of lower demand from cupstock customers and lower volume with European customers. Sales of UFS decreased by $15.8 million due to a combination of lower prices and lower demand for envelopes and other commercial paper products, due to the economic slowdown as well as a change in product mix with more sales in the export markets which attract lower prices. This decrease in revenue was partially offset by an $11.5 million increase in revenue from fresh carton packaging due to increases in prices, despite lower sales volumes.

Cost of sales

Cost of sales decreased by $348.8 million or 24.9% to $1,051.3 million for the year ended December 31, 2009 compared to $1,400.1 million for the year ended December 31, 2008. This decrease was mainly due to the recognition of $214.1 million of Black Liquor Credits and a $148.1 million decrease in raw material and other input costs used in the manufacture of liquid packaging board including LDPE, natural gas and coal, as a result of a decrease in the price of raw materials and other input prices following the high price levels in 2008, as well as a decrease in transportation costs. In addition the implementation of Project Step resulted in a decrease in the cost of sales. This decrease was partially offset by an increase in repair and maintenance expenses related to the manufacturing facilities, longer outages for scheduled maintenance and an increase in warehouse and handling costs.

Gross profit

Gross profit increased by $272.3 million or 258.3% to $377.7 million for the year ended December 31, 2009 compared to $105.4 million for the year ended December 31, 2008. Gross profit margin increased to 26.4% of revenue for the year ended December 31, 2009 compared to 7.0% for the year ended December 31, 2008. This increase in gross profit margin was mainly due to the factors previously discussed.

Net other income (expense)

Net other income (expense) decreased by $13.5 million or 54.4% to net other income of $11.3 million for the year ended December 31, 2009 compared to net other income of $24.8 million for the year ended December 31, 2008. This decrease was mainly attributable to a $9.8 million decrease in the sale of by-products (which include manufacturing waste from the production process, scrap materials, poly-coated bales, tail oil and turpentine) due to lower selling prices, combined with an increase in other expenses related to an impairment of fixed assets of $2.9 million and an impairment of other assets of $1.6 million in connection with the Venezuela operations as well as an impairment of fixed assets of $1.4 million and other charges of $1.5 million in connection with the closure of certain operations in Latin America.

Selling, marketing and distribution expenses

Selling, marketing and distribution expenses decreased by $1.5 million or 6.7% to $21.0 million for the year ended December 31, 2009 compared to $22.5 million for the year ended December 31, 2008.

General and administration expenses

General and administration expenses increased by $16.4 million or 27.2% to $76.6 million for the year ended December 31, 2009 compared to $60.2 million for the year ended December 31, 2008. This increase was mainly attributable to an increase in consultancy costs of $13.2 million related to the costs of implementation of Project Step.

Share of profits of associates and joint ventures, net of income tax (equity method)

Share of profits of associates and joint ventures, net of income tax (equity method) increased by $1.2 million or 120% to $2.2 million for the year ended December 31, 2009 compared to $1.0 million for the year ended December 31, 2008. This increase was due to higher profits reported by Evergreen's Israeli and Saudi Arabian joint ventures. During the year ended December 31, 2009 there was no change in Evergreen's 50% interests in each joint venture.

Profit (loss) from operating activities

Profit (loss) from operating activities increased by $245.1 million or 505.4% to a profit of $293.6 million for the year ended December 31, 2009 compared to a profit of $48.5 million for the year ended December 31, 2008 as a result of the factors previously discussed.

Evergreen Group Stand-Alone EBITDA

Evergreen Group Stand-Alone EBITDA increased by $248.1 million or 224.5% to $358.6 million for the year ended December 31, 2009 compared to $110.5 million for the year ended December 31, 2008 as a result of the factors previously discussed.

Evergreen Group Stand-Alone Historical Adjusted EBITDA

Evergreen Group Stand-Alone Historical Adjusted EBITDA increased by $49.8 million or 42.0% to $168.3 million for the year ended December 31, 2009 compared to $118.5 million for the year ended December 31, 2008. Evergreen Group Stand-Alone Adjusted EBITDA for the year ended December 31, 2009 was determined after adding back (i) restructuring costs of $2.9 million, (ii) asset impairment charges of $6.1 million, (iii) consulting costs in connection with Project Step of $13.2 million, (iv) on write-down of $0.7 million on assets held for sale, (v) write off of $1.4 million of receivables related to the sale of the Venezuela operations, (vi) expenses of $1.2 million for the legal fees in connection with the Blue Ridge Acquisition, which were not recognized in the initial purchase accounting adjustment, (vii) non-recurring management fees of $2.5 million relating to executives; offset by deducting (i) Black Liquor Credit received of $214.1 million (ii) $2.2 million adjustment for equity accounted results of joint ventures to the extent that they are not distributed in cash and (iii) $2.0 million of insurance claim proceeds arising in connection with fraud in the Korean business.

Evergreen Group Stand-Alone Historical Adjusted EBITDA for the year ended December 31, 2008 was determined after adding back (i) restructuring costs of $3.9 million, (ii) non-recurring management fees of $3.4 million relating to executives, (iii) costs of $1.7 million associated with combining the Evergreen and Blue Ridge businesses; offset by deducting a $1.0 million adjustment for equity accounted results of joint ventures to the extent that they are not distributed in cash.

For a reconciliation of Evergreen Group Stand-Alone EBITDA and Evergreen Group Stand-Alone Historical Adjusted EBITDA, please see "Summary — Summary Historical and Pro Forma Financial and Other Data."

Financial income

Financial income decreased by $170.6 million or 99.8% to $0.3 million for the year ended December 31, 2009 compared to $170.9 million for the year ended December 31, 2008. The decrease was primarily attributable to the negative impact on Evergreen's debt (which is mainly denominated in NZ$) of the exchange rate movements between the dollar and NZ$.

Financial expenses

Financial expenses increased by $76.7 million or 108.9% to $147.1 million for the year ended December 31, 2009 compared to $70.4 million for the year ended December 31, 2008. The increase was primarily attributable to the negative impact on Evergreen's debt (which is mainly denominated in NZ$) of the exchange rate movements between the dollar and NZ$, which was partially offset by a $42.8 million decrease in interest expense due to lower interest rates and repayment of debt.

Income tax benefit (expense)

Income tax expense marginally decreased by $0.1 million or 0.2% to $57.9 million for the year ended December 31, 2009 compared to $58.0 million for the year ended December 31, 2008.

Depreciation of property, plant and equipment and amortization of intangible assets

Depreciation of property, plant and equipment and amortization of intangible assets increased by $3.0 million or 4.8% to $65.0 million for the year ended December 31, 2009 compared to $62.0 million for the year ended December 31, 2008. This increase was mainly attributable to the depreciation associated with the Extruder Optimization Project at the Pine Bluff mill which was completed in 2009.

Year ended December 31, 2008 compared to year ended December 31, 2007.

Revenue

Revenue increased by $525.5 million or 53.6% to $1,505.5 million for the year ended December 31, 2008 compared to $980.0 million for the year ended December 31, 2007. This increase was mainly attributable to the fact that the results of operations for the year ended December 31, 2008 included 12 months of results of both the Evergreen and Blue Ridge businesses compared to the results of operations for the year ended December 31, 2007 which included only 11 months of results of the Evergreen business and 5 months of results of the Blue Ridge business as both of the businesses were acquired during the year ended December 31, 2007. In addition, revenue increased due to an increase in prices of fresh carton packaging as a result of the renegotiations of contracts as well as increases in prices of both CGW and UFS paper products which reflected general market price increases. The increase in revenue was partially offset by lower sales of CGW and UFS due to the economic slowdown as well as to the lower sales of fresh carton packaging due to the loss of a customer contract and lower sales of filling machines.

Cost of sales

Cost of sales increased by $500.7 million or 55.7% to $1,400.1 million for the year ended December 31, 2008 compared to $899.4 million for the year ended December 31, 2007. This increase was mainly attributable to the fact that the results of operations for the year ended December 31, 2008 included 12 months of results of both the Evergreen and Blue Ridge businesses compared to the results of operations for the year ended December 31, 2007 which included only 11 months of results of the Evergreen business and 5 months of results of the Blue Ridge business as both of the businesses were acquired during the year ended December 31, 2007. In addition, cost of sales increased due to the significant increase in the price of raw materials and other inputs used in the manufacture of liquid packaging board, primarily LDPE, natural gas and coal as well as an increase in transportation costs.

Gross profit

Gross profit increased by $24.8 million or 30.8% to $105.4 million for the year ended December 31, 2008 compared to $80.6 million for the year ended December 31, 2007. This increase was mainly attributable to the fact that the results of operations for the year ended December 31, 2008 included 12 months of results of both the Evergreen and the Blue Ridge businesses compared to the results of operations for year ended December 31, 2007 which included only 11 months of results of the Evergreen business and 5 months of results of the Blue Ridge business as both of the businesses were acquired during the year ended December 31, 2007, as well as the other factors previously discussed.

Net Other Income (Expense)

Net other income (expense) decreased by $47.2 million or 65.6% to income of $24.8 million for the year ended December 31, 2008 compared to income of $72.0 million for the year ended December 31, 2007. This decrease was primarily attributable to income of $60.3 million included in the results for the year ended December 31, 2007 resulting from the discount on acquisition (representing the excess of the fair value of net assets acquired over the purchase price) relating to the Initial Evergreen Acquisition. The decrease was partially offset by the $10.3 million increase in the sale of by-products (which include manufacturing waste from the production process, scrap materials, poly-coated bales, tall bales, tail oil and turpentine) during the year ended December 31, 2008.

Selling, marketing and distribution expenses

Selling, marketing and distribution expenses increased by $10.3 million or 84.4% to $22.5 million for the year ended December 31, 2008 compared to $12.2 million for the year ended December 31, 2007. This increase was mainly attributable to the fact that the results of operations for the year ended December 31, 2008 included 12 months of results of both the Evergreen and Blue Ridge businesses compared to the results of operations for the year ended December 31, 2007 which included only 11 months of results of the Evergreen business and 5 months of results of the Blue Ridge business as both of the businesses were acquired during the year ended December 31, 2007. The increase in selling, marketing and distribution expenses was partially offset by a decrease in expenses due to workforce reductions in the sales division resulting from the combination of the Evergreen and Blue Ridge businesses.

General and administration expenses

General and administration expenses increased by $15.3 million or 34.1% to $60.2 million for the year ended December 31, 2008 compared to $44.9 million for the year ended December 31, 2007. This increase was mainly attributable to the fact that the results of operations for the year ended December 31, 2008 included 12 months of results of both the Evergreen and Blue Ridge businesses compared to the results of operations for the year ended December 31, 2007 which included only 11 months of results of the Evergreen business and 5 months of results of the Blue Ridge business as both of the businesses were acquired during the year ended December 31, 2007. The increase in general and administration expenses was partially offset by a decrease in expenses due to workforce reductions in the human resources divisions and at the corporate executive level as well as a decrease in employee benefits resulting from the combination of the Evergreen and Blue Ridge businesses.

Share of profits of associates and joint ventures, net of income tax (equity method)

Share of profits of associates and joint ventures, net of income tax (equity method) increased by $0.5 million or 100% to $1.0 million for the year ended December 31, 2008 compared to $0.5 million for the year ended December 31, 2007 as a result of higher net profits of Evergreen's joint ventures.

Profit (loss) from operating activities

Profit (loss) from operating activities decreased by $47.5 million or 49.5% to $48.5 million for the year ended December 31, 2008 compared to $96.0 million for the year ended December 31, 2007 as a result of the factors previously discussed.

Evergreen Group Stand-Alone EBITDA

Evergreen Group Stand-Alone EBITDA decreased by $30.7 million or 21.7% to $110.5 million for the year ended December 31, 2008 compared to $141.2 million for the year ended December 31, 2007 as a result of the factors previously discussed.

Evergreen Group Stand-Alone Historical Adjusted EBITDA

Evergreen Group Stand-Alone Historical Adjusted EBITDA increased by $23.9 million or 25.3% to $118.5 million for the year ended December 31, 2008 compared to $94.6 million for the year ended December 31, 2007. Evergreen Group Stand-Alone Adjusted EBITDA for the year ended December 31, 2008 was determined after adding back (i) restructuring costs of $3.9 million, (ii) non-recurring management fees of $3.4 million relating to executives, (iii) costs of $1.7 million associated with combining the Evergreen and Blue Ridge businesses; offset by deducting a $1.0 million adjustment for equity accounted results of joint ventures to the extent that they are not distributed in cash.

Evergreen Group Stand-Alone Historical Adjusted EBITDA for the year ended December 31, 2007 was determined after adding back (i) restructuring costs of $7.1 million, (ii) non-recurring management fees of
$3.1 million relating to executives, (iii) legal and other related costs of $3.5 million in connection with a fraud in the Korean business, (iv) an adjustment of $0.5 million for the fair value of inventory as a result of the purchase price accounting; offset by deducting (i) an adjustment of $60.3 million reflecting the discount arising from the Evergreen Acquisition and (ii) a $0.5 million adjustment for equity accounted results of joint ventures to the extent that they are not distributed in cash.

For a reconciliation of Evergreen Group Stand-Alone EBITDA and Evergreen Group Stand-Alone Historical Adjusted EBITDA, please see “Summary — Summary Historical and Pro Forma Financial and Other Data.”

Financial income

Financial income increased by $168.3 million or 6,473.1% to $170.9 million for the year ended December 31, 2008 compared to $2.6 million for the year ended December 31, 2007. The increase was mainly due to the positive effect on Evergreen’s debt of the exchange rate movements between the dollar and the
NZ$.

Financial expenses

Financial expenses decreased by $48.4 million or 40.7% to $70.4 million for the year ended December 31, 2008 compared to $118.8 million for the year ended December 31, 2007. The decrease was primarily attributable to the positive impact on Evergreen’s debt (which is mainly denominated in NZ$) of the exchange rate movements between the dollar and the NZ$. This decrease was partially offset by a $18.5 million increase in interest expense.

Income tax benefit (expense)

Income tax expense increased by $90.3 million or 279.6% to $58.0 million for the year ended December 31, 2008 compared to a tax benefit of $32.3 million for the year ended December 31, 2007. The increase is primarily attributable to profit before tax of $149.0 million for the year ended December 31, 2008 compared to a loss before income tax of $20.2 million for the year ended December 31, 2007. In addition, during the year ended December 31, 2007, the loss before income tax included the effect of the non-taxable income relating to the discount arising from the Evergreen Acquisition. If the income was taxable, the tax impact would have been $19.9 million, computed at Evergreen’s domestic tax rate.

Depreciation of property, plant and equipment and amortization of intangible assets

Depreciation of property, plant and equipment and amortization of intangible assets increased by $16.8 million or 37.2% to $62.0 million for the year ended December 31, 2008 compared to $45.2 million for the year ended December 31, 2007. This increase was mainly attributable to the fact that the results of operations for the year ended December 31, 2008 included 12 months of results of both the Evergreen and Blue Ridge businesses compared to the results of operations for the year ended December 31, 2007 which included only 11 months of results of the Evergreen business and 5 months of results of the Blue Ridge business as both of the businesses were acquired during the year ended December 31, 2007.

Liquidity and Capital Resources

The following discussion does not reflect the significance of the Evergreen Acquisition. For more information, see “The Transaction” and “Operating and Financial Review and Prospects — Pro Forma Liquidity and Capital Resources.”

Historical Cash Flows

The following table discloses Evergreen’s cash flows from continuing operations for the periods presented:

	December 31, 2009	December 31, 2008 (Restated) {IFRS)	December 31, 2007
Net cash flows from (used in) operating activities	$ 279.2	$ 10.6	$ 113.8
Net cash flows from (used in) investing activities	$ (56.3)	$(32.7)	$(640.6)
Net cash flows from (used in) financing activities	$ (111.1)	$ 19.4	$ 572.0

(1) Represents the consolidated results of operations of Evergreen for 11 months in 2007, which include the results of operations of Blue Ridge for 5 months in 2007.

Cash flows from (used in) operating activities

Cash flows from operating activities for the year ended December 31, 2009 generated a net cash inflow of $279.2 million compared to a net cash inflow of $10.6 million for the year ended December 31, 2008. The increase of $268.6 million is primarily due to $208.0 million of alternative fuel mixture credits received as a result of the Black Liquor Credit, net of expenses. As of December 31, 2009, $27.0 million of Black Liquor Credit remained outstanding, which was received by Evergreen during the first quarter of 2010.

Cash flows from operating activities for the year ended December 31, 2008 generated a net cash inflow of $10.6 million compared to a net cash inflow of $113.8 million for the year ended December 31, 2007. The decrease of $103.2 million is primarily due to the additional $26.6 million of interest paid in 2008 and a decrease of $74.6 million in net operating cash (received from customers and paid to suppliers and employees) mainly due to higher raw material costs during the year.

Cash flows from (used in) investing activities

Cash flows used in investing activities for the year ended December 31, 2009 resulted in a net cash outflow of $56.3 million compared to a net cash outflow of $32.7 million for the year ended December 31, 2008. The increase in the outflow of $23.6 million is primarily due to the reduction of the cash inflow relating to the purchase price adjustments for the Initial Evergreen Acquisition and the Blue Ridge Acquisition of
$13.8 million, an increase in the acquisition of property, plant and equipment of $5.1 million and a reduction in the proceeds from the sale of assets held for sale of $5.9 million.

During 2009, Evergreen received $6.6 million from a purchase price adjustment in connection with the Blue Ridge Acquisition relating to an environmental escrow settlement, while during 2008, Evergreen received $20.4 million from a purchase price adjustment in connection with the Initial Evergreen Acquisition relating to a lost customer.

Cash flows from investing activities for the year ended December 31, 2008 resulted in a net cash outflow of $32.7 million compared to a net cash outflow of $640.6 million for the year ended December 31, 2007. The decrease of $607.9 million in net cash outflow is primarily due to the $600.6 million cash outflow in 2007 in connection with the Initial Evergreen Acquisition and for the Blue Ridge Acquisition which was offset by an increase in acquisitions of property, plant and equipment of $23.9 million in 2008 mainly relating to the Extruder Optimization Project at the Pine Bluff mill and the receipt of $20.4 million in 2008 from a purchase price adjustment in connection with the Initial Evergreen Acquisition.

Cash flows from (used in) financing activities

Cash flow used in financing activities for the year ended December 31, 2009 resulted in a net cash outflow of $111.1 million compared to a net cash inflow of $19.4 million in the year ended December 31, 2008. The $130.5 million increase in net cash outflow is primarily due to the repayment of net related party borrowings of $107.8 million, as well as the effect of the mandatory repayment of $12.5 million under the
CHH Senior Credit Facilities in 2009.

Cash flow from financing activities for the year ended December 31, 2008 generated a net cash inflow of $19.4 million compared to a net cash inflow of $572.0 million in the year ended December 31, 2007. The net cash inflows for the year ended December 31, 2008 reflects $14.0 million in proceeds from the issue of share capital and a net drawdown under the revolving credit facility of $5.9 million, whereas the net cash inflow for the year ended December 31, 2007 includes proceeds of $647.0 million under the CHH Senior Credit Facilities and net proceeds from related party borrowings of $77.2 million, partially offset by the $125.0 million repayment in full of the high yield notes assumed in connection with the Blue Ridge Transaction.

Capital Expenditures

	2009	2008	2007[(1)]
		IFRS (In $ millions)	
Property, plant and equipment	$63.1	$58.0	$34.1

(1) Represents the consolidated results of operations of Evergreen for 11 months in 2007, which include the results of operations of Blue Ridge for 5 months in 2007.

The capital expenditures program primarily includes capital expenditures for property, plant and equipment, including purchases required to maintain and upgrade existing facilities as well as those associated with the upgrade of existing facilities. The Extruder Optimization Project resulted in $17.8 million and $36.0 million of capital expenditures in 2008 and 2009, respectively.

In addition to capital expenditures, Evergreen expects day-to-day maintenance and repair expenses to approximate their 2009 expenditure of $57.4 million (repair materials and services only) per year for its two mills. These costs are expensed as they are incurred.

Capital Resources

Evergreen's operations have been principally funded by existing cash resources, cash flows from operations, capital leases, local bank facilities, the CHH Senior Credit Facilities and the GE Facility. In connection with the Evergreen Acquisition, Evergreen expects to repay in full the GE Facility and release all of Evergreen's indebtedness under the CHH Senior Credit Facility. For a discussion of liquidity and capital resources of the RGHL Combined Group, see ''Operating and Financial Review and Prospects — Pro Forma Liquidity and Capital Resources.''

Historical Contractual Obligations

	Payments due by Period as of December 31, 2009			
	Total	Less than 1 Year	1 - 5 Years	Over 5 Years

	(In $ millions)			
Contractual obligations:				
Total debt[(1)]	$792.0	$179.7	$612.3	$ —
Operating leases	13.7	4.4	8.2	1.1
Unconditional capital expenditure obligations[(2)]	13.4	13.4	—	—
Total contractual cash obligations	**$819.1**	**$197.5**	**$620.5**	**$1.1**

(1) Total contracted debt repayments consist of the principal amounts (excluding unamortized discounts) and future fixed and floating rate interest obligations. The future interest obligations are calculated based upon Evergreen's 2009 year-end actual interest rates. However, in connection with the Evergreen Transaction, all the indebtedness from which these interest obligations arise will either be released or paid in full and will not be assumed by the RGHL Combined Group following the Evergreen Transaction. See "The Transactions — The Evergreen Transaction."

(2) Unconditional purchase obligations consist of capital expenditure obligations for which Evergreen has entered into binding contracts as of December 31, 2009.

The amounts shown in the table above represent Evergreen's contractual obligations as of December 31, 2009 without giving pro forma effect to the Evergreen Transaction. As most of the planned capital expenditures are not currently committed, the future capital expenditures will substantially exceed the amounts shown above. In addition, actual future expenditures for the other items shown above could exceed the amounts shown due to changes in Evergreen's business plan, operating results or other factors.

Contingent liabilities

Evergreen's contingent liabilities are primarily comprised of guarantees under two debentures issued by a related party as well as guarantees and security arrangements in respect of the Evergreen Group's external indebtedness. Evergreen expects that it will be released from its obligations under these guarantees upon consummation of the Evergreen Acquisition.

Off-balance sheet arrangements

Evergreen had no material off-balance sheet obligations as of December 31, 2009.

Qualitative and quantitative disclosures about market risk

In the normal course of business, Evergreen is subject to risk from adverse movements in interest and foreign exchange rates and commodity prices. Evergreen manages these risks through a mix of variable rate and fixed rate borrowings, natural offset of foreign currency receipts and payments, supplemented by forward foreign exchange contracts and commodity derivatives. Derivative contracts are not used for trading or speculative purposes. The extent to which Evergreen uses derivative instruments is dependent upon its access to them in the financial markets and its use of other methods, such as netting exposures for foreign exchange risk and establishing sales arrangements that permit the pass-through to customers of changes in commodity prices. Evergreen's objective in managing its exposure to market risk is to limit the impact on earnings and cash flow.

Interest rate risk

Evergreen had significant debt commitments outstanding as of December 31, 2009. These on-balance sheet financial instruments, to the extent they provide for variable rates of interest, expose Evergreen to interest rate risk. This interest rate risk arises primarily on borrowings that are denominated in NZ$ and Canadian dollars that are drawn under Evergreen's NZ$ denominated term loan and the Canadian dollar denominated term loan.

Evergreen expects that, in connection with the Evergreen Acquisition, all of Evergreen's indebtedness will either be released or repaid in full and which will not be assumed by the RGHL Combined Group following the Evergreen Transaction.

Evergreen is also exposed to interest rate risk arising from deposits which earn interest at floating rates. Interest earned on these cash deposits is subject to changes in interest rates in various global jurisdictions.

Foreign Currency Exchange Rate Risk

As a result of Evergreen's international operations it is exposed to foreign exchange risk arising from sales, purchases, assets and borrowings that are denominated in foreign currencies. The currencies in which these transactions primarily are denominated are the dollar, New Zealand dollar, Canadian dollar, Euros, Chinese Yuan Renminbi, Taiwanese dollar and the Korean Won.

In accordance with Evergreen's treasury policy, it takes advantage of natural offsets to the extent possible. Therefore, when commercially feasible, Evergreen borrows in the same currencies in which cash flows from operations are generated. Generally Evergreen does not use forward exchange contracts to hedge residual foreign exchange risk arising from customary receipts and payments denominated in foreign currencies. However, when considered appropriate, Evergreen may enter into forward exchange contracts to hedge foreign exchange risk arising from specific transactions. As of December 31, 2009, Evergreen had no forward foreign exchange contracts outstanding.

Pension and Medical Plans

Evergreen sponsored a number of pension plans for the year ended December 31, 2009 which included both defined contribution and defined benefit plans.

Evergreen makes contributions to defined benefit plans, which define an amount of pension benefit that an employee will receive on retirement, and are calculated based on the advice of the plan's actuaries. Based on the last actuarial assessment performed by an independent actuary at December 31, 2009, expenses of $6.1 million relating to defined benefit pension plans were recorded within personnel expenses in the statement of comprehensive income.

Contributions to defined contribution plans are generally based on a percentage of the individual's salary or wages. For the year ended December 31, 2009, expenses of $6.1 million relating to defined contribution plans were recorded in the statement of comprehensive income.

Evergreen also sponsors a defined benefit medical plan which it offers to certain existing employees and retirees. The plan is unfunded and defines the level of medical care that the individual receives. Evergreen Group's net obligation is calculated separately for the plan by estimating the current and future use of the plan services by eligible employees, the current and expected future medical costs associated with plan services which are discounted to determine their present value and any unrecognized past service costs.

Recently Issued Accounting Pronouncements

Business combinations

IFRS 3 Revised "Business Combinations" replaces the existing requirements in accounting for business combinations in IFRS 3 "Business Combinations". IFRS 3 Revised is applicable, on a prospective basis, for any business combination completed in annual reporting periods beginning on or after January 1, 2010. IFRS 3 Revised amends certain measurement and recognition requirements, including expensing of all transaction costs and subsequent changes in the remeasurement of contingent consideration through the profit and loss element of the statement of comprehensive income. IFRS 3 Revised also provides additional guidance in relation to the recognition and measurement of certain acquired identifiable intangible assets such as reacquired rights and vendor indemnities.

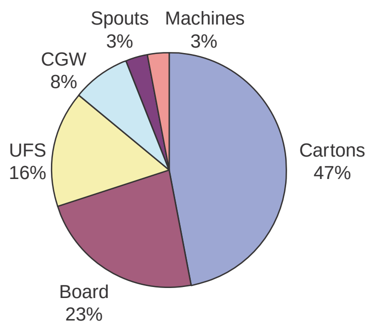
Consolidation

IAS 27 Revised “Consolidated and Separate Financial Statements” replaces the existing requirements for the preparation of consolidated financial statements in IAS 27 “Consolidated and Separate Financial Statements”. IAS 27 Revised is applicable on a prospective basis in annual reporting periods beginning on or after January 1, 2010. IAS 27 Revised amends the recognition and measurement requirements associated with accounting for changes in ownership interests of an investment in a subsidiary whilst maintaining control. Under IAS 27 Revised these transactions are recognized as an equity transaction. IAS 27 Revised also amends the accounting when there is a loss of control of a subsidiary. Any interest in the remaining former subsidiary is remeasured at fair value and the gain or loss is recognized in the income statement.

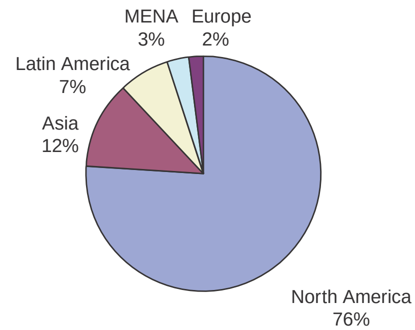
BUSINESS

Evergreen Evergreen is a vertically integrated, leading manufacturer of fresh carton packaging for beverage products, primarily serving the juice and milk end-markets. We believe Evergreen holds the number one market position for fresh beverage cartons in the global and North American markets measured by tons of fresh liquid packaging board, based on our estimates of the tons sold in the global fresh liquid packaging board market in 2009. Fresh carton packaging, most predominant in North America, is designed for beverages that require a cold-chain distribution system, and therefore have a more limited shelf life than beverages in aseptic carton packaging. Evergreen supplies integrated fresh carton packaging systems, which can include fresh cartons, spouts, caps and closures, fresh filling machines and related services. Evergreen supplied its customers with approximately
14.8 billion fresh carton sleeves in 2009 and currently has approximately 1,470 fresh filling machines placed in the market. In addition, Evergreen produces liquid packaging board at its mills in Pine Bluff, Arkansas and Canton, North Carolina. We believe Evergreen is the largest producer of fresh liquid packaging board both globally and in North America as measured by tons of fresh liquid packaging board. Evergreen produces liquid packaging board for its internal requirements and also sells liquid packaging board to other fresh beverage carton manufacturers. Evergreen also produces coated groundwood primarily for catalogs, inserts, magazine and commercial printing, as well as uncoated freesheet primarily for envelope, specialty and offset printing paper. Evergreen had over 700 customers in 2009, with its largest presence in North America. The following charts show revenue by products and revenue by geographic region for Evergreen for the year ended December 31, 2009.

EVERGREEN REVENUE BY PRODUCT



EVERGREEN REVENUE BY GEOGRAPHY



History

Evergreen's predecessor was established in 1946 when International Paper entered the beverage packaging business by acquiring Single Service, Inc. Over the years, the business was responsible for many breakthroughs in beverage carton packaging, including the introduction of PE coated cartons and barrier board technology. In January 2007, IP's Bev Pack business was acquired indirectly by Graeme Hart, our strategic owner, as part of the Initial Evergreen Acquisition. IP's Bev Pack business included fresh beverage converting facilities, a fresh filling machine manufacturing facility and the Pine Bluff, Arkansas mill. Subsequent to the

Initial Evergreen Acquisition, the business was renamed Evergreen. In July 2007, Blue Ridge Paper Products, Inc. ("Blue Ridge Inc.") was acquired indirectly by Graeme Hart, our strategic owner, as part of the Blue Ridge Acquisition. Blue Ridge Inc. was an independent manufacturer of beverage packaging products. The Blue Ridge business included fresh beverage converting facilities and the Canton, North Carolina mill.

Total Packaging Solution

Evergreen employs a business model that we refer to as "Total Packaging Solution", which is based on providing Evergreen's customers with a single source for all of their fresh beverage carton packaging requirements. Fresh carton sleeves can be used with Evergreen's fresh filling machines, as well as other fresh filling machines. Fresh carton sleeves represented 47% of Evergreen's revenue in 2009 and are sold under multi-year and shorter term contracts. These contracts have historically provided visibility into and predictability of Evergreen's future revenue.

Fresh Cartons, Spouts, Caps and Closures

Evergreen produces and sells fresh carton sleeves and supplies spouts, caps and closures. During the filling process, the sleeve is opened, sealed at the base, filled with the beverage products and then sealed at the top of the carton.

Fresh carton sleeves can be used for a variety of beverages including liquid dairy drinks, such as regular and flavored milk, and non-carbonated soft drinks, such as fresh juice, fruit-based drinks and iced tea. Fresh cartons can also be used for food, such as liquid eggs, dry cereal and yogurt. In addition, fresh cartons are used for liquid detergents and softeners.

Evergreen has developed a variety of packaging solutions to fulfill the needs of beverage manufacturers to differentiate their products and generate stronger brand recognition. Evergreen's barrier board technology allows its customers to achieve longer shelf life for their products as well as protect against the loss of vitamins and other nutrients. Furthermore, the application of high-definition, multi-color, printed designs to the cartons gives customers the ability to differentiate their products.

Spouts, caps and closures have become an important factor in the success of fresh carton packaging as end-consumers demand greater convenience. Evergreen recognized this trend at an early stage, and in 1990, it was one of the first companies to introduce a re-closable spout for fresh beverage cartons.

Filling Machines

Evergreen's fresh filling machines use fresh carton sleeves to produce and fill fresh carton packaging. Evergreen offers its customers a variety of filling machine models with different capabilities, which can be reconfigured for numerous different package volumes, providing its customers with flexibility in their manufacturing processes. Evergreen also offers a high level of ongoing services, including repair, preventative maintenance programs and a 24/7 spare parts operation, to its customers through its service organization of approximately 80 machine service technicians. This is designed to allow Evergreen's customers to improve the productivity of their filling machines.

Evergreen's fresh filling machines may be sold or leased directly to customers or sold to a third-party finance company, which then leases the filling machines to customers.

Services and Parts

To ensure its Total Packaging Solution operates efficiently, Evergreen has technical service teams providing repair, preventative maintenance programs and a 24/7 spare parts operation to assist customers with their filling machines. Evergreen's other service offerings include machine installation, troubleshooting, spare parts kits, machine upgrades, field rebuilds and efficiency studies. Evergreen's U.S.-based technical services team is also supported by regional service teams in Latin America, Asia and Europe. Hands-on training programs offer customers the opportunity to learn the operation and troubleshooting of Evergreen's filling equipment. Evergreen's training programs are held in its training center in Cedar Rapids, IA, in addition to workshops held at or near customer facilities.

Liquid Packaging Board

The production of liquid packaging board at Evergreen's mills in Pine Bluff, Arkansas and Canton, North Carolina allows Evergreen to be a vertically integrated producer of fresh cartons. Evergreen's Pine Bluff and Canton mills produce multiple grades of liquid packaging board, both PE coated and uncoated, for fresh cartons. Evergreen's liquid packaging board products can be broadly grouped into three categories: PE coated liquid packaging board ("PE coated board"), PE coated / co-extruded liquid packaging board ("barrier board") and uncoated liquid packaging board ("uncoated board"). In addition, Evergreen's mill in Canton produces cupstock for the manufacture of hot and cold cups, as well as ovenable trays for the frozen food market as an alternative to plastic trays.

Other Paper Products

Evergreen also offers a range of paper products, including coated groundwood, which is used in catalogs, magazine and inserts, and commercial printing as well as uncoated freesheet primarily for envelope, specialty and offset printing paper.

Customers

Evergreen had over 700 customers in 2009, including leading international companies, large national and regional customers and smaller local businesses, with its largest presence in North America. Evergreen's customer base is diversified and no single customer accounted for more than 10% of revenue in 2009. Many of Evergreen's customer sales contracts are index based allowing for pass-through of input cost movements on a quarterly to annual basis.

Evergreen aims to develop close relationships with its customers and believes its success is directly linked to theirs. Evergreen works closely with its customers to provide them the packaging solutions that are designed to meet their needs.

Evergreen's fresh carton packaging business used approximately 52% of the Pine Bluff, Arkansas and Canton, North Carolina mill's aggregate liquid packaging board production in 2009. The remaining liquid packaging board produced is primarily sold to external fresh carton converting customers, with whom Evergreen has long-standing relationships. In addition, Evergreen sells liquid packaging board to other customers, who produce ovenable trays and cupstock.

Evergreen's coated groundwood customers consist primarily of catalogue and magazine publishers. Evergreen's uncoated freesheet customers consist primarily of envelope converters, specialty paper producers and commercial printers. Evergreen sells both directly and through paper brokers in the coated groundwood and uncoated freesheet markets.

Competition

The fresh carton market is consolidated, with Evergreen being the only market participant, that we are aware of, that provides vertically integrated liquid packaging board, as well as complete fresh carton packaging systems consisting of cartons, filling machines, spouts, caps and closures. We believe Evergreen is the largest participant in the fresh carton packaging market measured by volume, with an approximate 29% global market share and an approximate 70% market share in North America in 2009. We believe the fresh carton and liquid packaging board markets present significant barriers to entry such as the complexity of fresh filling technology, the required expertise in barrier technology and high up-front investment costs in manufacturing (mill or converting) plants. In the fresh carton packaging market, Evergreen's primary competitors are Elopak and Tetra Pak, which, we estimate, have a 23% and a 19% share of the global fresh carton market in 2009, respectively.

Furthermore, we believe Evergreen is the largest producer of liquid packaging board for fresh cartons, with an approximate 44% global market share and an approximate 90% market share in North America in 2009. Evergreen's liquid packaging board business competes primarily with StoraEnso, Weyerhaeuser and Clearwater. StoraEnso is the second largest supplier of fresh liquid packaging board with an estimated 25% global market share in 2009. We believe StoraEnso sells worldwide from its mills in Skoghall, Sweden and Imatra, Finland. We estimate Weyerhaeuser is the third largest supplier with an estimated global market share of 21% in 2009 and services the Asian market from its mill in Longview, Washington.

Evergreen is a relatively small producer of coated groundwood within a concentrated North American coated papers market. Evergreen's competitors in coated groundwood include NewPage, AbitibiBowater, Verso and Kruger. The North American market has largely consolidated with the top four participants having approximately 75% of the market share in 2009.

Evergreen is also a small producer of uncoated freesheet within a concentrated market, with the four top market participants having approximately 74% of the market share in 2009. Evergreen's competitors in uncoated freesheet include IP, Domtar, Georgia Pacific and Boise Cascade.

Marketing and Sales

Evergreen's sales and marketing staff coordinates and performs all customer interaction activities, including sales, marketing and technical services. Evergreen reaches its large and diversified base of over 700 customers primarily through a direct field sales force of approximately 67 account managers. Evergreen's key account managers make regular visits to existing customers to maintain these relationships. They also identify and develop new customer relationships by extending their contact base to include other major purchasers. Compensation of Evergreen's key account managers is partly performance-based.

Evergreen's customer service representatives are responsible for processing sales orders, expediting production and liaising with customers on order status. Machine service technicians, paper technicians and field service engineers work closely with key account managers to satisfy customers' needs.

Evergreen has a marketing and new product development team focused on leveraging its Total Packaging Solution model and creating new, value added products in current and adjacent markets.

Evergreen Packaging product innovation aims to deliver new packaging products for both customers and end user consumers, and to generate a percentage of future revenue from new products. The innovation process follows a traditional stage gate development process. One of Evergreen Packaging primary competitive advantages in fiber based cartons is offering a total system solution — from board manufacture to efficient filling machines. Therefore, new carton product design teams include expertise from equipment, converting, the mills, and often closures. A key focus for innovation is leveraging our leading board and barrier technologies to adjacent markets — liquid eggs and fabric softener are two examples.

Manufacturing

Evergreen operates 14 sleeve production plants globally, including seven in the United States, three in Asia, two in Latin America and two in the Middle East. Evergreen's manufacturing operations primarily consist of production of paper and packaging cartonboard, manufacturing and assembly of filling machines and production of fresh carton sleeves that are used by its machines to create fresh carton containers for its customers' beverage products. Fresh carton sleeves are also shipped to Evergreen's customers for filling. Evergreen's operations allow for efficient delivery of packaging material to customers through its 10 sales offices.

Fresh Carton Sleeves, Spouts, Caps and Closures

Evergreen produces fresh carton sleeves at seven locations in North America and seven locations internationally. Evergreen outsources to external manufacturers all production of spouts, caps and closures (one of which is Closures), which are manufactured to its design and specifications. Evergreen has exclusive supply contracts with its internal and external manufacturers.

The fresh carton sleeve production process converts polymer (PE) coated liquid packaging board into sealed fresh carton sleeves individually printed with the customer's design and boxed for the customer. The production process is comprised of two production stages: printing and scoring, then sealing. As part of the printing and scoring process, PE coated liquid packaging board from Evergreen's mills is delivered to its converting plants where it is printed with a design to the customer's specifications and then cut to size to the customer's filling volumes. As part of the sealing process, the cartons are sealed and packaged and are then ready for shipment to the customers. Fresh carton sleeves generally are produced to order and delivered on an agreed upon schedule.

Mills

Evergreen's mills are vertically integrated pulp and paper manufacturing facilities that have their own power generation plant, bleached hardwood and softwood "kraft" pulp lines and extrusion capabilities. The Pine Bluff, Arkansas mill, houses one liquid packaging board machine with 480,000 tons of annual capacity and one coated groundwood machine with 185,000 tons of annual capacity. In addition, Pine Bluff has a groundwood pulp line to supply the coated groundwood machine. The Canton, North Carolina mill houses one liquid packaging board machine with 310,000 tons of annual capacity and three uncoated freesheet machines with a combined 280,000 tons of annual capacity.

The liquid packaging board production process converts woodchips into liquid packaging board, ready for the converting process. The production process is comprised of five production stages: pulping, bleaching, mixing, drying and extrusion. Woodchips are sourced internally through Evergreen's two chip mills in Pine Bluff, as well as by various external suppliers.

Filling Machines

Manufacture and assembly of fresh filling machines takes place at Evergreen's manufacturing facilities in Cedar Rapids, Iowa, and Shanghai, China. Evergreen's filling machines are mainly utilized to fill non-carbonated soft drinks (juice, juice drinks and liquid dairy products). Evergreen both manufactures and outsources components used in the production of its fresh filling machines. The majority of Evergreen's manufacturing suppliers are located near the Cedar Rapids facility. In addition, Evergreen sources some components from China.

Raw Materials and Suppliers

In 2009, the total value of raw materials and energy consumed by Evergreen was $646.1 million, representing 51% of Evergreen's total cost of goods sold.

Evergreen internally sources its liquid packaging board requirements from its paper mills in Pine Bluff and Canton. To produce cartonboard at its mills, Evergreen sources wood from North American suppliers, including IP, Clearwater and Plum Creek, among other regional suppliers. In addition, Evergreen sources polymer from North American suppliers, including Chevron, Westlake and Equistar. Evergreen's relationships with its suppliers are satisfactory.

The prices of Evergreen's raw materials fluctuate in conjunction with market movements in commodities. In order to minimize the impact of price fluctuations, Evergreen uses price hedging arrangements for purchases of energy and single and multi-year agreements (defined as longer than one year) that provide for fixed prices or prices that escalate based on inflation or published index movements.

Evergreen has continuous improvement programs focused on cost reduction by working with suppliers to develop alternative processes and substitutes for existing raw materials. Evergreen has implemented significant cost saving initiatives in raw material sourcing, including establishing a professional strategic sources team and retaining third-party consultants for initial RFP requests and supplier negotiations.

Evergreen manages its relationships with suppliers through a central supply-procurement system. It ensures that it receives a continuous supply of materials using vendor-managed inventory and consignment stocking. Evergreen reviews supplier developments in regular business review meetings.

Quality Management

Meeting customers' complex requirements and technical specifications requires a strong commitment to quality and attention to detail. Evergreen is committed to a quality management philosophy that aims to achieve continuous improvement in all stages of the production process through the involvement of management, customers, and employees. Evergreen uses a stringent technique of hazard analysis and critical control points to identify critical aspects of quality management as well as methods and tools to identify key areas for improvement that affect reduction of waste and downtime, at both our facilities and those of our customers.

Intellectual Property

Evergreen has approximately 265 registered patents (with another 59 patents pending) and approximately 245 registered trademarks which, along with trade secrets and manufacturing know-how, help support Evergreen's ability to add value within the market and sustain its competitive advantages. Evergreen uses internal and external resources to carefully manage its intellectual property portfolio and looks to actively defend its intellectual property rights throughout the world. The success and ability of Evergreen to compete depend to a certain degree on the protection of its process innovation and other intellectual property. Evergreen actively monitors its competitors to pursue any infringement of its rights. Evergreen performs internal analysis to decide whether to sue for patent infringements, initiate opposition procedures or counter-actions or buy patents and sign license agreements for the use of foreign patents.

Evergreen also relies on unpatented proprietary know-how and trade secrets and employs various methods including confidentiality agreements with employees and consultants to protect its intellectual property. Additionally, Evergreen has licensed, and may license in the future, patents, trademarks, trade secrets and similar property to third parties. Evergreen attempts to contractually ensure that its intellectual property and similar proprietary rights are protected when entering into business relationships.

Information Technology

Evergreen's worldwide information technology organization provides IT services to all of its businesses. Additionally, Evergreen's business locations are supported by regional IT staff. Evergreen uses SAP enterprise resource planning applications to support nearly all processes within its organization and also integrates other purchased and custom developed applications. Evergreen's SAP systems are consolidated and operate from one data center in a location secured by an additional backup data center.

Property, Plant and Equipment

Evergreen operates two integrated pulp and paper mills and 14 sleeve production plants at locations worldwide and one separate extrusion facility located next to its mill in Canton, North Carolina. Evergreen had an annual production of 771,260 tons of liquid packaging board, 162,240 tons of coated groundwood, 272,850 tons of uncoated freesheet, and 14.8 billion carton sleeves in 2009. Evergreen also has two locations where it manufactures filling machines and components, one of which is also a sleeve production plant.

Location	Facilities	Use	Square footage	Owned / Leased
United States				
Pine Bluff, AR	1	Pulp and paper mill and extruder	806,000	Owned
Canton, NC	1	Pulp and paper mill	2,200,000	Owned
Waynesville, NC	1	Extruders	242,000	Owned
Plant City, FL	1	Converting facility	300,000	Owned
Raleigh, NC	1	Converting facility and extruder	190,000	Owned
Athens, GA	1	Converting facility	179,000	Owned
Olmsted Falls, OH	1	Converting facility	152,000	Owned
Clinton, IA	1	Converting facility	100,000	Owned
Kalamazoo, MI	1	Converting facility	142,000	Owned
Turlock, CA	1	Converting facility	161,000	Owned

Cedar Rapids, IA	1	Evergreen filling machines	393,000	Owned
Asia / MENA				
Kyunggi-Do, South Korea	1	Converting facility	118,000	Owned
Hsin Chu, Taiwan	1	Converting facility	55,000	Owned
Shanghai, China	1	Converting facility and filling machines	124,000	Owned
Jeddah, Saudi Arabia[1]	1	Converting facility	147,000	Leased
Ashrat, Israel[1]	1	Converting facility	40,790	Leased
Latin America				
Panama	1	Converting facility	7,000	Leased
El Salvador	1	Converting facility	29,000	Leased

(1) Includes space used by joint venture partner for other purposes.

We believe all of Evergreen's facilities are suitable for their respective operations and provide sufficient capacity to meet reasonably foreseeable production requirements.

Employees

As of December 31, 2009, Evergreen employed approximately 4,300 people. A significant number of Evergreen's employees are covered by collective labor agreements. Recently, Evergreen successfully concluded labor negotiations with the unions at a number of its manufacturing locations. We believe Evergreen's relationships with its employees are satisfactory. Evergreen offers its employees benefit plans and programs that vary among regions and business units, including comprehensive healthcare benefits, various insurance programs, retirement savings plans and variable compensation programs.

Insurance

Evergreen maintains the types and amounts of contractual and third-party insurance coverage customary in the market in which it operates, including coverage for business interruption, directors' and officers' liability, property damage and employee-related accidents, injuries above self-insured amounts for each type of risk, excluding specific risks arising from war or acts of terrorism. Evergreen believes its insurance coverage is adequate for its business, both as to the nature of the risks and the amounts insured.

Regulatory

Evergreen's business, including its customers, is subject to regulation in virtually every country where it has operations. Future regulatory and legislative change can affect the economics of its business activities, lead to changes in operating practices and influence the demand for and the cost of providing services to its customers. Evergreen has adopted compliance programs and procedures designed to achieve compliance with applicable laws and regulations. These programs and procedures are generally effective. However, because of the complexity of these laws and regulations, variance in production inputs and efficiencies, and the global scope of business, compliance cannot be guaranteed.

Evergreen is subject to extensive laws and regulations in the jurisdictions in which it operates, including environmental, health and safety laws and regulations. Among other things, these requirements regulate the emission or discharge of materials into the environment, govern the use, storage, treatment, disposal and management of hazardous substances and wastes, protect the health and safety of Evergreen's employees, and impose liability for the costs of investigating and remediating, and damages resulting from, present and past releases of hazardous substances.

Evergreen could be held liable for the costs to address contamination of any real property it has ever owned, operated or used as a disposal site. For example, some of Evergreen's sites, such as the Canton and Pine Bluff mills, have a history of industrial operations that include the use or handling of hazardous materials. While we are not aware of any such sites as to which material outstanding remedial obligations exist, the discovery of additional contaminants or the imposition of investigation or cleanup obligations at these or other sites in the future could result in substantial liability. In addition, while indemnities relating to certain environmental matters were provided by prior owners under the Asset Purchase Agreement between Champion International Corporation (now International Paper Company), Carolina Paper Products Holding Corp. and Carolina Paper Company dated March 29, 1999, as well as the Purchase Agreement by and among International Paper Company, Carter Holt Harvey Limited and Evergreen Packaging Inc. dated December 14, 2006, some of the indemnities are limited in duration and scope.

Evergreen also could incur fines, penalties and sanctions and damages from third-party claims for property damage, personal injury or nuisance, as a result of violations of or liabilities under environmental laws or in connection with releases of hazardous or other materials, such as in connection with wastewater released to the Pigeon River from the Canton mill. In addition, changes in, or new interpretations of, existing laws, regulations or enforcement policies, the discovery of previously unknown contamination or the imposition of other environmental liabilities in the future, including additional environmental permit requirements or additional investigation of the potential health hazards of certain of our products or business activities, may lead to additional compliance or other costs that could have a material adverse effect on Evergreen's business, financial condition or results of operations.

Evergreen has been addressing issues associated with its wastewater discharges from the Canton mill. The wastewater discharge permit for the Canton mill expired in November 2006, though it is extended under administrative rule. Evergreen timely reapplied for the permit and, in November 2009, North Carolina regulators issued a draft proposed permit. However, the EPA has filed formal objections to certain portions of the draft permit, principally those pertaining to efforts to reduce the color and temperature of wastewater discharged into the Pigeon River. The EPA has proposed permit requirements that would require Evergreen to install color removal and temperature control equipment at the mill. Costs for such equipment, if required, could have a material adverse effect on Evergreen's business, financial condition or results of operations. If the EPA and state regulatory authorities cannot reach agreement on revising the terms of the draft permit, the state may issue a permit that is consistent with EPA's proposed requirements, or, alternatively, the EPA may take over permit authority from the state and issue a permit. In either circumstance, Evergreen could seek to contest a permit issued with terms consistent with the EPA's proposal.

In addition, North Carolina has issued an emergency change in the maximum arsenic air emissions levels, which effectively allows the state to reopen the previous limits established under existing air permits. The biomass boiler at the Canton mill, which is partially fueled by coal, exceeds the new arsenic emissions levels. Evergreen and North Carolina regulatory authorities are considering a plan for bringing the biomass boiler into compliance with the new arsenic standards. To achieve the new standards, the mill may have to make certain upgrades to the boiler, for which the costs may be material.

Moreover, as environmental issues, such as climate change, have become more prevalent, governments have responded, and are expected to continue to respond, to these issues with increased legislation and regulations, which could negatively affect us. For example, the United States Congress is considering legislation that will reduce emissions of carbon dioxide and other greenhouse gases. Similarly, the US EPA has proposed regulating greenhouse gas emissions under the federal Clean Air Act. These and other climate change initiatives may cause us to incur additional direct costs in complying with any new environmental legislation or regulations, such as costs to upgrade or replace equipment, as well as increased indirect costs resulting from Evergreen's suppliers, customers, or both incurring additional compliance costs that could get passed through to us or impact product demand.

Legal Proceedings

Evergreen is a party to various litigation matters, including with respect to environmental matters, arising in the ordinary course of business. We cannot estimate with certainty the ultimate legal and financial liability with respect to these litigation and environmental matters but believe, based on examination of these matters, experience to date and discussions with counsel, that any ultimate liability will not be material to Evergreen's financial position, results of operations or cash flows.

Evergreen Packaging New Zealand Limited

(Evergreen Successor)

Financial Statements for the periods ended

December 31, 2009, 2008 (as restated) and 2007 (as restated)

Evergreen Packaging New Zealand Limited

Financial Statements for the periods ended

December 31, 2009, 2008 (as restated) and 2007 (as restated)

Evergreen Packaging New Zealand Limited

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Report of Independent Auditors

To the Board of Directors and Shareholder of
Evergreen Packaging New Zealand Limited:

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statement of comprehensive income, changes in equity and cash flows present fairly, in all material respects, the financial position of Evergreen Packaging New Zealand Limited and its subsidiaries at December 31, 2009, and the results of their operations and their cash flows for the year then ended in conformity with International Financial Reporting Standards as adopted by the International Accounting Standards Board. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Milwaukee, Wisconsin

April 23, 2010

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Evergreen Packaging New Zealand Limited
Auckland, New Zealand

We have audited the accompanying consolidated statements of financial position of Evergreen Packaging New Zealand Limited and subsidiaries (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2008 and 2007, and the results of their operations and their cash flows for the years then ended in conformity with International Financial Reporting Standards.

As discussed in Note 36 to the consolidated financial statements, the accompanying 2008 and 2007 statements of cash flows have been restated to correct certain misstatements.

/s/ Deloitte & Touche LLP

Memphis, Tennessee

March 24, 2009 (April 23, 2010 as to the effects of the restatements discussed in Note 36)

Evergreen Packaging New Zealand Limited

Statements of comprehensive income

	Note	For the period ended December 31 2009	2008	2007
		In millions of US$		
Revenue	7	1,429.0	1,505.5	980.0
Cost of sales	18	(1,051.3)	(1,400.1)	(899.4)
Gross profit		**377.7**	**105.4**	**80.6**
Other income	8	24.3	36.0	85.8
Selling, marketing and distribution expenses		(21.0)	(22.5)	(12.2)
General and administration expenses	9	(76.6)	(60.2)	(44.9)
Other expenses	10	(13.0)	(11.2)	(13.8)
Share of profit of associates and joint ventures, net of income tax (equity method)	23	2.2	1.0	0.5
Profit from operating activities		**293.6**	**48.5**	**96.0**
Financial income	12	0.3	170.9	2.6
Financial expenses	12	(147.1)	(70.4)	(118.8)
Net financial income (expenses)		**(146.8)**	**100.5**	**(116.2)**
Profit (loss) before income tax		**146.8**	**149.0**	**(20.2)**
Income tax benefit (expense)	13	(57.9)	(58.0)	32.3
Profit for the period		**88.9**	**91.0**	**12.1**
Other comprehensive income for the period net of income tax				
Exchange differences on translating foreign operations		(18.0)	1.4	(13.5)
Share of other comprehensive income of associates and joint ventures, net of income tax (equity method)		—	—	—
Total other comprehensive income for the period net of income tax	14	**(18.0)**	**1.4**	**(13.5)**
Total comprehensive income for the period		**70.9**	**92.4**	**(1.4)**
Profit (loss) attributable to:				
Equity holder of the Group		90.8	91.0	12.1
Minority interests		(1.9)	—	—
		88.9	**91.0**	**12.1**
Total other comprehensive income attributable to:				
Equity holder of the Group		(18.0)	1.4	(13.5)
Minority interests		—	—	—
		(18.0)	**1.4**	**(13.5)**

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

Evergreen Packaging New Zealand Limited

Statements of financial position

	Note	As at December 31 2009	2008*	2007*
		In millions of US$		
Assets				
Cash and cash equivalents	15	153.5	40.8	47.8
Trade and other receivables	16	173.3	159.3	186.3
Prepayments		13.3	10.6	9.5
Assets held for sale	17	6.0	6.9	8.1
Current tax assets	21	—	—	1.1
Inventories	18	238.6	227.8	221.4
Other assets		0.8	0.8	0.3
Total current assets		**585.5**	**446.2**	**474.5**
Other receivables	16	19.0	18.2	19.3
Investments in associates and joint ventures (equity method)	23	10.3	8.1	6.7
Deferred tax assets	21	68.4	103.0	116.0
Property, plant and equipment	20	533.1	534.4	538.9
Intangible assets	22	93.2	103.7	108.0
Other assets	19	6.0	12.6	15.8
Total non-current assets		**730.0**	**780.0**	**804.7**
Total assets		**1,315.5**	**1,226.2**	**1,279.2**
Liabilities				
Trade and other payables	24	140.5	147.5	158.7
Borrowings	25	73.2	55.8	39.4
Current tax liabilities	21	10.4	3.3	—
Employee benefits	26	38.7	29.0	37.3
Provisions	27	10.8	9.4	11.2
Other liabilities	28	2.0	5.6	5.3
Total current liabilities		**275.6**	**250.6**	**251.9**
Borrowings	25	671.5	658.8	851.4
Deferred tax liabilities	21	142.2	165.3	127.0
Employee benefits	26	27.7	35.2	39.1
Provisions	27	2.1	2.2	2.1
Other liabilities	28	—	0.6	0.6
Total non-current liabilities		**843.5**	**862.1**	**1,020.2**
Total liabilities		**1,119.1**	**1,112.7**	**1,272.1**
Net assets		**196.4**	**113.5**	**7.1**
Equity				
Share capital	29	26.0	14.0	—
Reserves	29	(28.6)	(10.6)	(12.0)
Retained earnings		193.9	103.1	12.1
Equity attributable to equity holders of the Group		**191.3**	**106.5**	**0.1**
Minority interests		5.1	7.0	7.0
Total equity		**196.4**	**113.5**	**7.1**

* In accordance with IAS 1 "Presentation of Financial Statements (Revised 2007)" comparative information as at December 31, 2008 and 2007 has been reclassified as outlined in note 2.6.

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

Evergreen Packaging New Zealand Limited

Statement of changes in equity

	Note	Share capital	Translation reserve	Other reserves	Retained earnings	Equity attributable to equity holders of the Group	Minority interest	Total
				In millions of US$				
Balance at the beginning of the period		—	—	1.5	—	1.5	—	1.5
Issue of shares	29	—	—	—	—	—	7.0	7.0
Total comprehensive income (loss) for the period, net of income tax		—	(13.5)	—	12.1	(1.4)	—	(1.4)
Dividends paid	29	—	—	—	—	—	—	—
Balance at December 31, 2007		**—**	**(13.5)**	**1.5**	**12.1**	**0.1**	**7.0**	**7.1**
Balance at the beginning of the period		—	(13.5)	1.5	12.1	0.1	7.0	7.1
Issue of shares	29	14.0	—	—	—	14.0	—	14.0
Total comprehensive income for the period, net of income tax		—	1.4	—	91.0	92.4	—	92.4
Dividends paid	29	—	—	—	—	—	—	—
Balance at December 31, 2008		**14.0**	**(12.1)**	**1.5**	**103.1**	**106.5**	**7.0**	**113.5**
Balance at the beginning of the period		14.0	(12.1)	1.5	103.1	106.5	7.0	113.5
Issue of shares	29	12.0	—	—	—	12.0	—	12.0
Total comprehensive income (loss) for the period, net of income tax		—	(18.0)	—	90.8	72.8	(1.9)	70.9
Dividends paid	29	—	—	—	—	—	—	—
Balance at December 31, 2009		**26.0**	**(30.1)**	**1.5**	**193.9**	**191.3**	**5.1**	**196.4**

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

Evergreen Packaging New Zealand Limited

Statements of cash flows

	Note	2009	2008* (Restated)	2007* (Restated)
		For the period ended December 31		
		In millions of US$		
Cash flows from operating activities				
Cash received from customers		1,440.3	1,535.5	1,053.8
Cash paid to suppliers and employees		(1,103.8)	(1,462.0)	(905.7)
Interest received		0.3	0.8	2.6
Interest paid		(18.7)	(62.8)	(36.2)
Income taxes paid		(38.9)	(0.9)	(0.7)
Net cash from operating activities		**279.2**	**10.6**	**113.8**
Cash flows from investing activities				
Acquisition of property, plant and equipment		(63.1)	(58.0)	(34.1)
Proceeds from sale of assets held for sale		0.3	6.2	—
Acquisition of businesses, net of cash acquired		—	—	(600.6)
Disposal of property, plant and equipment		—	(0.3)	—
Receipts from adjustments relating to acquisition of business		6.6	20.4	—
Acquisition of other investments		—	(0.5)	(5.9)
Related party advances made		(0.1)	(0.5)	—
Related party advances received		—	—	—
Net cash used in investing activities		**(56.3)**	**(32.7)**	**(640.6)**
Cash flows from financing activities				
Net drawdown of revolving credit facility		—	5.9	—
Drawdown under Multi Option Facility		—	—	647.0
Repayment of loans and borrowings				
Multi Option Facility Agreement		(12.5)	—	(15.4)
High Yield Note		—	—	(125.0)
Other		(0.6)	(0.4)	(6.1)
Proceeds from issue of share capital		12.0	14.0	—
Proceeds from related party borrowings		67.5	19.3	90.8
Repayment of related party borrowings		(177.1)	(17.5)	(13.6)
Payment of finance lease liabilities		(0.4)	(1.9)	—
Debt issue costs		—	—	(5.7)
Net cash from (used in) financing activities		**(111.1)**	**19.4**	**572.0**
Net increase (decrease) in cash and cash equivalents		111.8	(2.7)	45.2
Cash and cash equivalents at the beginning of the financial period		40.8	47.8	0.3
Effect of exchange rate fluctuations on cash held		0.9	(4.3)	2.3
Cash and cash equivalents at December 31		**153.5**	**40.8**	**47.8**
Cash and cash equivalents comprise				
Cash and cash equivalents		153.5	40.8	47.8
Cash and cash equivalents at December 31		**153.5**	**40.8**	**47.8**

* In accordance with IAS 1 "Presentation of Financial Statements (Revised 2007)" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", certain comparative information as at December 31, 2008 and 2007 has been restated as outlined in note 2.7 and 36.

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

Evergreen Packaging New Zealand Limited

Statements of cash flows (Continued)

Reconciliation of the profit for the period with the net cash from operating activities

	Note(s)	2009	2008* (Restated)	2007* (Restated)
		For the period ended December 31		
		In millions of US$		
Profit for the period		88.9	91.0	12.1
Adjustments for:				
Depreciation	20	61.1	57.7	40.9
Amortisation of intangible assets	22	3.9	4.3	4.3
Discount on acquisition	8	—	—	(60.3)
Impairment losses on property, plant and equipment	10	4.5	—	—
Impairment losses on other assets	10	1.6	—	—
Loss on disposal of property, plant and equipment		0.8	0.9	0.1
Net financial (income) expenses	12	146.8	(100.5)	116.2
Share of profit of equity accounted investees	23	(2.2)	(1.0)	(0.5)
Effect of exchange rate fluctuations on operating activities	8, 10	0.9	2.9	(2.3)
Income tax (benefit) expense	13	57.9	58.0	(32.3)
Interest paid		(18.7)	(62.8)	(36.2)
Interest received		0.3	0.8	2.6
Income tax paid		(38.9)	(0.9)	(0.7)
Change in prepayments		(2.7)	(1.1)	0.9
Change in trade and other receivables		(14.0)	0.7	44.0
Change in inventories		(10.8)	(6.4)	2.0
Change in trade and other payables		(4.5)	(13.1)	18.8
Change in provisions and employee benefits		3.5	(13.9)	12.1
Change in other assets and liabilities		0.8	(6.0)	(7.9)
Net cash from operating activities		**279.2**	**10.6**	**113.8**

* In accordance with IAS 1 "Presentation of Financial Statements (Revised 2007)" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", certain comparative information as at December 31, 2008 and 2007 has been restated as outlined in note 2.7 and 36.

Significant non-cash financing and investing activities

During the period, the Group's intermediate parent (Carter Holt Harvey Limited) paid on behalf of the Group $7.2 million (2008: $16.2 million, 2007: nil) of principal and interest under the term loan facilities agreement. In lieu of these payments a non-cash increase in the inter-company note between the Group and this related party was realized.

During the period, the Group capitalized $2.5 million (2008: $4.0 million, 2007: nil) of the interest accrued under its PIK note with a related party (refer to note 31).

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

Evergreen Packaging New Zealand Limited

Statements of cash flows (Continued)

Acquisitions and disposals of businesses

	For the period ended December 31					
	2009		2008		2007	
	Acquisitions	Disposals	Acquisitions	Disposals	Acquisitions	Disposals
	In millions of US$					
Inflow (outflow) of cash:						
Cash proceeds (payments)	6.6	—	20.4	—	(638.8)	—
Net cash acquired (disposed of)	—	—	—	—	38.2	—
Inflow (outflow) of cash	**6.6**	**—**	**20.4**	**—**	**(600.6)**	**—**
Consideration paid by related party	—	—	—	—	—	—
Consideration subject to post-closing adjustments	—	—	(20.4)	—	20.4	—
Non-cash reallocation of purchase consideration	—	—	—	—	—	—
Net consideration for businesses acquired	**6.6**	**—**	**—**	**—**	**(580.2)**	**—**
Cash and cash equivalents	—	—	—	—	(38.2)	—
Net assets acquired	**6.6**	**—**	**—**	**—**	**(618.4)**	**—**
Details of net assets (acquired) disposed of:						
Cash and cash equivalents	—	—	—	—	(38.2)	—
Trade and other receivables	—	—	—	—	(192.5)	—
Prepayments	—	—	—	—	—	—
Derivatives	—	—	—	—	—	—
Current tax assets	—	—	—	—	—	—
Inventories	—	—	—	—	(223.4)	—
Deferred tax assets	—	—	—	—	—	—
Property, plant and equipment	—	—	—	—	(553.9)	—
Intangible assets	—	—	—	—	(63.7)	—
Goodwill	6.6	—	—	—	(48.6)	—
Discount on acquisition	—	—	—	—	60.3	—
Other assets	—	—	—	—	(31.6)	—
Trade and other payables	—	—	—	—	81.0	—
Provisions and other liabilities	—	—	—	—	120.7	—
Deferred tax liabilities	—	—	—	—	46.3	—
Minority interest	—	—	—	—	7.0	—
Interest bearing borrowings	—	—	—	—	218.2	—
Net assets (acquired) disposed of	**6.6**	**—**	**—**	**—**	**(618.4)**	**—**

Refer to note 33 for further details of acquisitions.

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

1. Reporting entity

Evergreen Packaging New Zealand Limited (the "Company") is a company domiciled in New Zealand and registered under the Companies Act 1993.

The financial statements of the Company as at and for the period ended December 31, 2009 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The Group is principally engaged in the manufacturing and distribution of bleached paperboard, and liquid packaging products primarily in North America, Asia and Latin America.

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

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were approved by the Board of Directors (the "Directors") on April 23, 2010.

2.2 Going concern

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

2.3 Basis of measurement

The financial statements have been prepared under the historical cost convention except for assets held-for-sale which are measured at fair value less costs to sell, components of inventory and items of deferred tax which are measured at net realisable value, defined benefit pension plan liabilities and post employment medical plan liabilities which are measured under the projected unit credit method and defined benefit pension plan assets which are measured at fair value. The methods used to measure fair values are discussed further in note 5.

Information as disclosed in the statements of comprehensive income, statements of changes in equity and statements of cash flows for the current period is for the twelve month period ended December 31, 2009. Information for the comparative periods is for the twelve month period ended December 31, 2008 and the twelve month period ended December 31, 2007.

2.4 Presentation currency

These financial statements are presented in United States Dollars ("US$"), which is the Group's presentation currency. All financial information has been rounded to the nearest tenth of a million, unless otherwise stated.

2.5 Use of estimates and judgements

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be

2. Basis of preparation (continued)

reasonable under the circumstances. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about the significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in note 4.

2.6 Reclassification of comparative information

Certain comparative amounts have been reclassified to conform with the current period's presentation, the effect of which is disclosed further in note 35.

2.7 Restatement of comparative information

Certain comparative amounts within the statements of cash flows have been restated for the periods ended December 31, 2008 and 2007, the effect of which is disclosed further in note 36.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by all Group entities.

3.1 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the parent of the Group. Control exists when the parent of the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the financial statements from the date control commences until the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries and businesses by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the acquisition, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interests. Final values for a business combination are determined within twelve months of the date of the acquisition in accordance with IFRS3 "Business Combinations".

(b) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies (generally accompanying a shareholding of between 20% and 50% of the voting rights). Investments in associates are accounted for using the equity method of accounting (equity accounted investees) and are initially recognised at cost. Investments in associates include goodwill identified on acquisition, net of accumulated impairment losses (if any).

The Group's share of its associates' post-acquisition profits or losses and movements in other comprehensive income is recognised in the Group's statement of comprehensive income (after adjustments (as

3. Significant accounting policies (continued)

required) are made to align the accounting policies of the associate with those of the Group). The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(c) Joint ventures

Joint ventures are those operations, entities or assets in which the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Interests in jointly controlled entities are accounted for using the equity method of accounting (as described in note 3.1(b)).

Interests in jointly controlled assets and operations are reported in the financial statements by including the Group's share of assets employed in the joint venture, the share of liabilities incurred in relation to the joint venture and the share of any expenses incurred in relation to the joint venture in their respective classification categories.

(d) Transactions between entities under common control

Certain transactions between entities that are under common control may not be transacted on an arm's length basis and accordingly, any gains or losses on these transactions are recognised directly in equity. Examples of such transactions include but are not limited to:

- debt forgiveness transactions;
- transfer of assets for greater than or less than fair value; and
- acquisition or disposal of subsidiaries for no consideration or consideration greater than or less than fair value.

Acquisitions of entities under common control are accounted for as follows:

- predecessor value method requires the financial statements to be prepared using predecessor book values without any step up to fair values;
- premium or discount on acquisition is calculated as the difference between the total consideration paid including transaction costs and the book value of the percentage of net assets acquired and is recognised directly in equity as a component of a separate reserve;
- the financial statements incorporate the acquired entities' results as if the acquirer and the acquiree had always been combined; and
- the results of operations and cash flows of the acquired entity are included on a restated basis in the financial statements from the date that common control originally commenced as though the entities had always been combined even though the common control transaction did not occur until the current year.

(e) Transactions eliminated on consolidation

Intra-group balances and unrealised items of income and expense arising from intra-group transactions are eliminated in preparing the financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same manner as gains, but only to the extent that there is no evidence of impairment.

3. Significant accounting policies (continued)

3.2 Foreign currency

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in US dollars ("US$"), which is the presentation currency of the Group.

(b) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency of the respective entities at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated to the functional currency of the respective entities at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency of the respective entities at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on translation are recognised in the statement of comprehensive income as a component of the profit or loss, except for differences arising on the translation of available-for-sale equity instruments or a financial liability designated as a hedge of the net investment in a foreign operation (see (c) below).

(c) Foreign operations

The results and financial position of those entities that have a functional currency different from the presentation currency of the Group are translated into the Group's presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date of the statement of financial position;

(ii) Income and expense items for each profit or loss item are translated at average exchange rates;

(iii) Items of other comprehensive income are translated at average exchange rates; and

(iv) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments are recognised as a component of equity and included in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive income as a component of the profit or loss as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated on this basis.

3.3 Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, receivables, available for sale financial assets, trade and other payables and interest bearing borrowings.

A non-derivative financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Non-derivative financial assets are derecognised if the Group's contractual rights

3. Significant accounting policies (continued)

to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset. Non-derivative financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described in the following paragraphs.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below in the following paragraphs.

Upon initial acquisition the Group classifies its financial instruments in one of the following categories, which is dependent on the purpose for which the financial instruments were acquired.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, and other short-term highly liquid investments with maturities of less than three months. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position except where these are repayable on demand, in which case they are included separately as a component of current liabilities. For the purposes of the statements of cash flows, overdrafts are included as a component of cash and cash equivalents.

(b) Financial instruments at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition (at the trade date) attributable transaction costs are recognised in the statement of comprehensive income as a component of the profit or loss. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the statement of comprehensive income as a component of the profit or loss.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for instruments with maturities greater than twelve months from the reporting date, which are classified as non-current assets. The Group's loans and receivables comprise cash and cash equivalents and trade and other receivables (including related party receivables) which are stated at their amortised cost less impairment losses.

(d) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention to hold to maturity. If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest rate method, less any impairment losses, to the net amount of the financial instrument.

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and allocating the interest over the relevant period. The effective interest rate is the rate that exactly discounts

3. Significant accounting policies (continued)

estimated future cash payments or receipts over the expected life of the financial instrument, or, where appropriate, a shorter period.

(e) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial instruments that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the reporting date.

Available-for-sale financial assets are measured at fair value on initial recognition plus transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the statement of comprehensive income as a component of the profit or loss.

(f) Other liabilities

Other liabilities comprise all non-derivative financial liabilities that are not disclosed as fair value through profit or loss. Other liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. The Group's other liabilities comprise trade and other payables and interest bearing borrowings, including those with related parties. The Group's other liabilities are measured as follows:

(i) Trade and other payables

Subsequent to initial recognition trade and other payables are stated at amortised cost.

(ii) Interest bearing borrowings including related parties

Subsequent to initial recognition interest bearing loans and borrowings are measured at amortised cost using the effective interest rate method.

3.4 Derivative financial instruments

A derivative financial instrument is recognised if the Group becomes a party to the contractual provisions of an instrument at the trade date.

Derivative financial instruments are initially recognised at fair value (which includes where applicable, consideration of credit risk), and transaction costs are expensed as incurred. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised in the statement of comprehensive income (as a component of the profit and loss) unless it qualifies for hedge accounting. Where a derivative financial instrument qualifies for hedge accounting, recognition of any resulting gain or loss depends on the nature of the hedging relationship (see below).

Derivative financial instruments are recognised on a gross basis unless a current and legal enforceable right to off-set exists.

Derivative financial assets are derecognised if the Group's contractual right to the cash flows from the instrument expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset.

Derivative financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

3. Significant accounting policies (continued)

(a) Cash flow hedges

Changes in the fair value of a derivative financial instrument designated as a cash flow hedge are recognised directly in equity (as a component of other comprehensive income) to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of comprehensive income as a component of the profit or loss for the period.

If a hedging instrument no longer meets the criteria for hedge accounting or it expires, is sold, terminated or exercised, then hedge accounting is discontinued prospectively. At this point in time, the cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In all other cases the amount recognised in equity is transferred within the statement of comprehensive income in the same period that the hedged item affects this statement and is recognised as part of financial income or expense. If the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred within the statement of comprehensive income and is recognised as part of financial income or expenses in the profit and loss.

(b) Fair value hedges

Changes in the fair value of a derivative financial instrument designated as a fair value hedge are recognised in the profit and loss component of the statement of comprehensive income together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

3.5 Inventories

(a) Raw materials, work in progress and finished goods

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(b) Engineering and maintenance materials

Engineering and maintenance materials (representing either critical or long order components) are measured at the lower of cost and net realisable value. The cost of these inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is determined with reference to the cost of replacement of such items in the ordinary course of business compared to the current market prices.

3.6 Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (if any).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of property, plant and equipment acquired in a business combination is determined by reference to its fair value at the date of acquisition (see note 3.1(a)). The cost of self-constructed assets includes the cost of materials

3. Significant accounting policies (continued)

and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(b) Assets under construction

Assets under construction are transferred to the appropriate asset category when they are ready for their intended use. Assets under construction are not depreciated but tested for impairment at least annually.

(c) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an item of property, plant and equipment are capitalised until such time as the assets are substantially ready for their intended use. The interest rate used equates to the effective interest rate on debt where general borrowings are used or the relevant interest rate where specific borrowings are used to finance the construction.

(d) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as a component of the profit or loss as incurred.

(e) Depreciation

Depreciation is recognised in the statement of comprehensive income as a component of the profit or loss using a method that reflects the pattern in which the economic benefits embodied within the asset are consumed. Generally this is on a straight-line basis over the estimated useful life of each part or component of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the material classes of property, plant and equipment are as follows:

- Buildings 20 to 40 years
- Plant and equipment 5 to 20 years

Depreciation methods, useful lives and residual values are reassessed on an annual basis.

Gains and losses on the disposal of items of property, plant and equipment are determined by comparing the proceeds (if any) at the time of disposal with the carrying amount of the asset.

3.7 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(a) The Group as lessor — finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases.

3. Significant accounting policies (continued)

(b) The Group as lessee — finance leases

Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The corresponding liability to the lessor is included within loans and borrowings as a finance lease obligation. Subsequent to initial recognition the liability is accounted for in accordance with the accounting policy described at note 3.3(f) and the asset is accounted for in accordance with the accounting policy applicable to that asset.

3.8 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates, joint ventures and business operations and represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (discount on acquisition), it is recognised immediately in the statement of comprehensive income as a component of the profit or loss.

Goodwill is measured at cost less accumulated impairment losses (if any) and is tested at least annually for impairment. Goodwill is not amortised and is allocated to cash generating units ("CGUs") for the purpose of impairment testing. The allocation is made to the CGUs that are expected to benefit from the business combination in which the goodwill arose after the finalisation of the allocation of purchase consideration is completed.

In respect of joint ventures and investments accounted for using the equity method, the carrying amount of goodwill is included in the carrying amount of the investment and is tested for impairment at least annually as part of the overall investment balance.

(b) Trademarks

Trademarks are measured at cost less accumulated impairment losses (if any). Trademarks are considered indefinite life assets as they represent the value accumulated in the brand, which is expected to continue indefinitely into the future. Indefinite life trademarks are tested at least annually for impairment.

(c) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of comprehensive income as a component of the profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the statement of comprehensive income as a component of the profit or loss as incurred.

Intangible assets arising from development activities are measured at cost less accumulated amortisation and accumulated impairment losses (if any).

3. Significant accounting policies (continued)

(d) Other intangible assets

Other intangible assets comprise patents/technology, customer relationships, and non-compete agreements. Other intangible assets have finite useful lives and are carried at cost less accumulated amortisation and impairment losses (if any).

(e) Subsequent expenditure

Subsequent expenditure in respect of intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and it can be reliably measured. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of comprehensive income as a component of the profit or loss as incurred.

(f) Amortisation

Amortisation is recognised in the statement of comprehensive income as a component of the profit or loss on an accelerated cost recovery basis over the estimated useful lives of intangible assets, other than goodwill and indefinite life trademarks, from the date that they are available for use.

The estimated useful lives for the material classes of intangible assets are as follows:

- Patents/technology 14 years
- Customer relationships 16 years
- Non-compete agreements 3 years

3.9 Impairment

The carrying amounts of the Group's assets are reviewed regularly and at least annually to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the statement of comprehensive income as a component of the profit or loss.

(a) Impairment of loans and receivables and held-to-maturity financial assets

The recoverable amount of the Group's loans and receivables and held-to-maturity instruments carried at amortised cost is calculated with reference to the present value of the estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at the date of initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment losses on individual instruments that are considered significant are determined on an individual basis through an evaluation of the specific instruments' exposures. For trade receivables, which are not significant on an individual basis, impairment is assessed on a portfolio basis taking into consideration the number of days overdue and the historical loss experiences on a portfolio with a similar number of days overdue.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as default or delinquency in respect of interest or principal repayment; and

3. Significant accounting policies (continued)

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio.

(b) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at least annually to determine whether there is any indication of impairment. If any such indicators exist then the asset or CGU's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amounts are estimated at least annually and whenever there is an indication that they may be impaired.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the statement of comprehensive income as a component of the profit or loss. Impairment losses recognised in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other non-financial assets in the CGU on a pro-rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU.

In respect of assets other than goodwill, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Assets and liabilities classified as held for sale

Assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets or components of a disposal group are remeasured in accordance with the Group's accounting policies. Thereafter the assets (or disposal groups) are measured at the lower of their carrying amount or fair value less costs to sell. Upon reclassification the Group ceases to depreciate or amortise non-current assets classified as held for sale. Any impairment loss on a disposal group is first allocated to goodwill and then to the remaining assets on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the statement of comprehensive income as a component of the profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3.11 Employee benefits

(a) Pension obligations

The Group operates various defined contribution and defined benefit plans.

3. Significant accounting policies (continued)

(i) Defined contribution plans

A defined contribution plan is a plan under which the employee and the Group pay fixed contributions to a separate entity. Other than obligations under labour bargaining agreements, the Group has no legal or constructive obligation to pay further contributions in relation to an employee's service in the current and prior periods. For employees covered by a labour bargaining agreement, the Group will match 50% of the employee's 401(k) savings plan deferral up to a maximum of 4%. For eligible salaried and employees not covered by labour bargaining agreements, the Group will match 70% of the employee's deferral up to 4%, and 50% of the employee's deferral over 4% up to a maximum of 8%. For salaried and non-bargained employees, the Group will also make an additional contribution to the 401(k) savings plan in amount ranging from 2.75% to 6.00%. The contributions are recognised in the statement of comprehensive income as a component of the profit or loss as and when they fall due.

(ii) Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on factors such as age, years of service and compensation.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of the future benefits that employees have earned in return for their service in the current and prior periods. These benefits are then discounted to determine the present value of the Group's obligations and are then adjusted for the impact of any unrecognised past service costs. The Group's net obligation is then determined with reference to the fair value of the plan assets (if any). The discount rate used is the yield on bonds that are denominated in the currency in which the benefits will be paid and that have maturity dates approximating the terms of the Group's obligations. The calculations are performed by qualified actuaries using the projected unit credit method.

Past service costs are recognised immediately in the statement of comprehensive income as a component of the profit or loss, unless the changes to the plans are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case the past service costs are amortised on a straight-line basis over the vesting period.

To the extent that any cumulative unrecognised actuarial gains and losses exceed 10% of the greater of the present value of the defined benefit obligation and the fair value of the plan assets, that portion is recognised in the statement of comprehensive income as a component of the profit or loss.

(b) Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed in the statement of comprehensive income as a component of the profit or loss as the related services are provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans and outstanding annual leave balances if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

(c) Post-employment medical plan

The Group sponsors a defined benefit medical plan which it offers to certain existing employees and retirees. This plan is unfunded and defines the level of medical care that the individual will receive.

The Group's net obligation is calculated separately for the plan by estimating the current and future use of these services by eligible employees, the current and expected future medical costs associated with such

3. Significant accounting policies (continued)

services which are discounted to determine their present value and any unrecognised past service costs. The discount rate used is the yield on bonds that are denominated in the currency and jurisdiction in which the benefits will be paid and that have maturity dates approximating the terms of the Group's obligations. The calculations are performed by qualified actuaries using the projected unit credit method with the use of mortality tables published by government agencies.

Past-service costs are recognised immediately in the statement of comprehensive income as a component of the profit or loss unless changes to a plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case the past-service costs are amortised on a straight-line basis over the vesting period (see note 26).

(d) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits, other than pension plans and post-employment medical plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs, discounted to determine the present value of the Group's obligation. The discount rate used is the yield on bonds that are denominated in the currency and jurisdiction in which the benefits will be paid and that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by qualified actuaries using the projected unit credit method. Any actuarial gains or losses are recognised in the statement of comprehensive income as a component of the profit or loss in the period in which they arise.

(e) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

3.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. 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 the risks specific to the liability. Where discounting is used, the increase in the provision for the passage of time is recognised as a component of financial expenses in the statement of comprehensive income as a component of the profit or loss.

(a) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(b) Business closure and rationalisation

A provision for business closure and rationalisation is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been publicly announced. Future operating costs are not provided for.

3. Significant accounting policies (continued)

3.13 Self-insured policies

(a) Self-insured workers' compensation

The Group is self-insured in respect of its workers' compensation obligations in the United States. As a component of its self-insured status the Group also maintains insurance coverage for large claims at levels that are customary and consistent with industry standards for groups of similar size. As of December 31, 2009, there are a number of outstanding claims that are routine in nature. The estimated incurred but unpaid liabilities relating to these claims are included in provisions.

(b) Self-insured medical liabilities

The Group is self-insured for certain employee health insurance. The Group also maintains insurance coverage for large claims at levels that are customary and consistent with industry standards for companies of similar size. As of December 31, 2009, there are a number of outstanding claims that are of a routine nature. The estimated incurred but unpaid liabilities relating to these claims are included in trade and other payables.

3.14 Dividends

Dividends to the Group's shareholder are recognised as a liability in the Group's financial statements in the period in which the dividends are declared.

3.15 Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

3.16 Revenue

(a) Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been substantially transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

(b) Services

Revenue from services rendered is recognised in the statement of comprehensive income as a component of the profit or loss in proportion to the stage of completion of the transaction at the reporting date.

(c) Royalty income

Royalties are recognised on an accrual basis in accordance with the underlying royalty agreements.

(d) Lease income

Payments received under finance leases are apportioned between finance income and the reduction of the outstanding receivable balance. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

3. Significant accounting policies (continued)

Lease income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(e) Government grants

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in the statement of comprehensive income as a component of the profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the statement of comprehensive income as a component of the profit or loss on a systematic basis over the useful life of the asset.

(f) Dividend income

Dividend income is recognised when the right to receive payment is established.

3.17 Lease payments

Minimum lease payments made under finance leases are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges which are recognised in the statement of comprehensive income as a component of the profit or loss are allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for in the periods in which they are incurred.

Payments made under operating leases are recognised in the statement of comprehensive income as a component of the profit or loss on a straight-line basis over the term of the lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent lease payments arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into an operating lease, such incentives are deferred and recognised as a liability. The aggregated benefits of the lease incentive are recognised as a reduction to the lease expenses on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3.18 Financial income and expenses

Financial income comprises interest income and foreign currency gains. Interest income is recognised as it accrues using the effective interest rate method.

Financial expenses comprise interest expense and foreign currency losses. All borrowing costs qualifying for capitalisation are recognised in the statement of comprehensive income as a component of the profit or loss using the effective interest method.

3.19 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income as a component of the profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised with the associated items on a net basis.

3. Significant accounting policies (continued)

Current tax is the expected tax payable on the taxable income for the period using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time the liability to pay the related dividend is recognised. Deferred income tax assets and liabilities in the same jurisdiction are off-set in the statement of financial position only to the extent where the right to off-set legally exists.

3.20 Sales tax, value added tax and goods and services tax

All amounts (including cash flows) are shown exclusive of sales tax, value added tax ("VAT") and goods and services tax ("GST") to the extent reclaimable, except for receivables and payables that are stated inclusive of sales tax, VAT and GST.

3.21 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary or business acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

3.22 New and revised standards and interpretations

(a) Interpretations and amendments to existing standards effective in 2009

The following interpretations and standards which have not been previously early adopted were mandatory for the Group effective for the period ended December 31, 2009:

- IFRIC 18 "Transfer of Assets from Customers" (effective from July 1, 2009). This interpretation applies to the accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. The interpretation requires that any asset recognised is measured at its fair value with a corresponding credit being recognised as either revenue or deferred revenue. The exact timing of the revenue recognition will depend on the facts and circumstances of each particular arrangement. In adopting this interpretation the Group has noted no impact, as it currently does not enter into transactions whereby customers provide settlement for transactions through the provision of assets.

3. Significant accounting policies (continued)

- IFRIC 9 "IAS 39 Financial Instruments: Recognition and Measurement — Reassessment of Embedded Derivatives (Amendment) (effective from July 1, 2009)." This amendment requires an entity to assess whether an embedded derivative is to be separated from a host contract where an entity reclassifies a hybrid financial asset out of the fair value through profit and loss category. In adopting this amendment the Group has noted no impact on its historically presented financial information and the need to assess such requirements where changes in the future arise.
- IFRS 2 "Amendment: Group Cash-settled Share-based Payment Transactions" (effective from January 1, 2009). The amendments requires an entity receiving goods or services ("receiving entity") in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements. The current standard requires attribution of group share-based payment transactions only if they are equity-settled. In adopting this amendment the Group has noted no impact, as it does not operate any share-based payment schemes.
- IFRS 7 "Amendment: Significance of Financial Instruments for Financial Position or Performance" (effective from January 1, 2009). This amendment increases the clarity and provides additional guidance with an aim to enhance disclosures over fair value measurements relating to financial instruments, specifically in relation to disclosures over the inputs used in valuation techniques while improving disclosures over liquidity risk to address current diversity in practice in how such disclosure requirements are being interpreted and applied. The amendment also proposes quantitative disclosures based on how liquidity risk is managed so as to strengthen the relationship between quantitative and qualitative liquidity risk disclosures. In adopting this amendment the Group has noted no impact other than the additional disclosure requirements.
- IAS 40 "Investment Property" Amendment (effective from January 1, 2009). These amendments (arising from the annual improvements projects) required entities that are constructing or developing assets for future use as investment property to account for them as investment property rather than property, plant and equipment during the construction and development stages. If the entity's policy is to measure investment properties at fair value, any properties that are in the construction or development phase are required to be measured periodically at fair value. In adopting this amendment the Group has noted no impact as it does not currently have any investment property in the construction or development phases.

(b) Early adoption of new standard, interpretations and amendments

The Group has elected to adopt the following standards, interpretations and amendments to existing standards in advance of their effective dates:

- IFRS 1 "First Time Adoption of International Financial Reporting Standards — additional exemptions for first time adopters" (effective for financial reporting periods commencing on or after June 30, 2009). The amendment to IFRS 1 requires any company that uses the deemed cost exemption for oil and gas assets to disclose this fact and the basis under which the carrying amounts determined under previous GAAP were allocated. In early adopting this amendment the Group has noted no impact, as it does not operate any oil and gas assets.

3. Significant accounting policies (continued)

(c) New standards, interpretations and amendments previously early adopted

The Group has previously elected to early adopt the following standards, interpretations and amendments to existing standards in advance of their effective dates:

- IAS 1 (revised) "Presentation of financial statements" (effective for reporting periods beginning on or after January 1, 2009).
- IFRS 8 "Operating Segments" (effective for reporting periods beginning on or after January 1, 2009).
- IAS 23 (revised) "Borrowing costs" (effective from January 1, 2009).
- IFRS 2 "Amendments to share based payments: vesting conditions and cancellations" (effective for reporting periods beginning on or after January 1, 2009).
- IFRS 4 "Insurance contracts — amendments" (effective for reporting periods beginning on or after January 1, 2009).
- IAS 32 and IAS 1 "Amendment to puttable financial instruments and obligations arising on liquidation" (effective for reporting periods beginning on or after January 1, 2009).
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement — Eligible Hedged Items" (effective for reporting periods beginning on or after July 1, 2009).
- IFRIC 13 "Customer Loyalty Programmes" (effective for reporting periods beginning on or after July 1, 2008).
- IFRIC 15 "Agreements for the Construction of Real Estate" (effective for reporting periods beginning on or after January 1, 2009).
- IFRIC 16 "Hedge of a Net Investment in a Foreign Operation" (effective for reporting periods beginning on or after October 1, 2008).
- IFRIC 17 "Distributions of Non-Cash Assets to Owners" (effective for reporting periods beginning on or after July 1, 2009).

(d) Amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following amendments and interpretation to existing standards are not yet effective for the period ended December 31, 2009, and have not been applied in preparing these financial statements:

- IFRS 1 and IAS 27 "Amendments to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate" (effective for financial reporting periods commencing on or after June 30, 2009).
- IFRS 1 "First Time Adoption of International Financial Reporting Standards (restructured)" (effective for financial reporting periods commencing on or after June 30, 2009).
- IFRS 3 "Business Combinations (revised)" (effective for financial reporting periods commencing on or after June 30, 2009).
- IFRS 5 "Amendment — Measurement of non-current assets (or disposal groups) classified as held for sale" (effective for financial reporting periods commencing on or after January 1, 2010).
- IFRS 9 "Financial Instruments" (effective for financial reporting periods commencing on or after January 1, 2013).

3. Significant accounting policies (continued)

- IAS 1 "Amendment — Presentation of financial statements" (effective for financial reporting periods commencing on or after January 1, 2010).
- IFRIC 14 "Amendments to IFRIC 14 IAS 19 — The limit on a Defined Benefit assets, minimum funding requirement and their Interaction" (effective for reporting periods beginning on or after February 1, 2009).
- IFRIC 19 "Extinguishment of financial liabilities with equity instruments" (effective for reporting periods beginning on or after February 1, 2010).
- IAS 24 Amendment "Related Party Disclosures" (effective on or after January 1, 2011).
- IAS 32 "Financial Instruments: Presentation — Classification of Rights Issues" (effective for financial reporting periods commencing on or after February 1, 2010).
- IAS 39 "Amendment Embedded Derivatives" (effective for financial reporting periods commencing on or after June 30, 2009).
- Annual Improvements Process — Other Amendments (effective for financial reporting periods commencing on or after January 1, 2010).

The Directors anticipate that the above amendments and interpretations (with the exception of the revisions to IFRS 3) will not have a material impact on the financial statements of the Group in the period of initial application. On the initial adoption of the revisions to IFRS 3 the Group will be required to account for each business combination transaction from this date under the requirements of the revised standard. The impact of this will be to change the way in which the Group is required to measure the cost of each business combination, while also prescribing different methods for the accounting for items such as contingent consideration that may exist within an agreement. These changes will impact the profit or loss component of the statement of comprehensive income in the period of each transaction and potentially in each subsequent reporting period.

4. Critical accounting estimates and assumptions

In the process of applying the Group's accounting policies management has made certain estimates and assumptions about the carrying values of assets and liabilities, income and expenses and the disclosure of contingent assets and liabilities. Management has not made any significant judgements apart from those involving estimations (as discussed below). The key assumptions concerning the future and other key sources of uncertainty in respect of estimates at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period are:

4.1 Impairment of assets

(a) Goodwill and indefinite life intangible assets

Determining whether goodwill and indefinite life intangible assets are impaired requires estimation of the recoverable values of the CGUs to which these assets have been allocated. Recoverable values have been based on fair value less costs to sell or on value in use (as appropriate for the CGU being reviewed). Significant judgement is involved with estimating the fair value of a CGU. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Details regarding the carrying amount of goodwill and indefinite life intangible assets and the assumptions used in impairment testing are provided in note 22.

4. Critical accounting estimates and assumptions (continued)

(b) Other assets

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

4.2 Income taxes

The Group is subject to income taxes in multiple jurisdictions which require significant judgement to be exercised in determining the Group's provision for income taxes. There are a number of transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Current tax liabilities and assets are recognised at the amount expected to be paid to or recovered from the taxation authorities.

The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.3 Realisation of deferred tax assets

The Group assesses the recoverability of deferred tax assets with reference to estimates of future taxable income. To the extent that actual taxable income differs from management's estimate of future taxable income, the value of recognised deferred tax assets may be affected. Deferred tax assets have been recognised to offset deferred tax liabilities to the extent that the deferred tax assets and liabilities are expected to be realised in the same jurisdiction and reporting period. Deferred tax assets have also been recognised based on management's best estimate of the recovery of these assets against future taxable income.

4.4 Self-insured workers' compensation liabilities

The Group has entered into a number of self-insured workers' compensation arrangements in respect of its current and past business operations. Provisions for these liabilities are based on actual historical claims data and expected future costs, which are discounted using a discounted cash flow model. See note 3.13(a) for information regarding the estimates and assumption used in valuing these liabilities.

5. Determination of fair values

A number of the Group's accounting policies and associated disclosures require the determination of fair values for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information regarding the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5.1 Property, plant and equipment

The fair values of items of property, plant and equipment recognised as a result of a business combination are based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, and equipment is based on the quoted market prices for similar items where available or based on the assessment of appropriately qualified independent valuers.

5. Determination of fair values (continued)

5.2 Intangible assets

The fair values of patents and trademarks acquired in a business combination are based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair values of other intangible assets are based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

5.3 Inventory

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

5.4 Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Given the short-term nature of trade receivables the carrying amount is a reasonable approximation of fair value.

5.5 Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract using market interest rates for a similar instrument at the measurement date.

The fair value of commodity and other price derivatives is based on a valuation model. The valuation model (which includes where relevant the consideration of credit risk) discounts the estimated future cash flows based on the terms and maturity of each contract using forward curves and market interest rates at the reporting date.

5.6 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated by discounting the future contractual cash flows at the current market interest rates that are available for similar financial instruments.

5.7 Pension and post-employment medical benefits

The fair value of the Group's defined benefit pension and post-employment medical plans is outlined in note 26.

6. Information about geographic area

The Group's revenue from external customers and information about its assets (non-current assets excluding financial instruments, deferred tax assets and post-employment benefit assets) by geographical

6. Information about geographic area (continued)

origin are detailed below. In presenting information on a geographical basis, revenue and assets have been based in the location of the business operations:

	North America	South America	Europe	Asia	Other	Total
			In millions of US$			
For The Period Ended December 31, 2009						
Total external revenue	1,302.6	28.1	—	98.3	—	1,429.0
Non-current assets	555.8	14.6	—	90.1	—	660.5
For the period ended December 31, 2008						
Total external revenue	1,375.4	43.4	—	86.7	—	1,505.5
Non-current assets	599.6	18.9	—	57.5	—	676.0
For the period ended December 31, 2007						
Total external revenue	870.8	30.4	—	78.8	—	980.0
Non-current assets	607.7	15.6	—	64.3	—	687.6

Information about major customers

The Group does not have revenue from transactions with a single external customer amounting to 10% or more of the Group's revenue.

7. Revenue

	For the period ended December 31		
	2009	2008	2007
	In millions of US$		
Sale of goods	1,429.0	1,505.5	980.0
Total revenue	**1,429.0**	**1,505.5**	**980.0**

8. Other income

	For the period ended December 31		
	2009	2008	2007
	In millions of US$		
Royalty income	0.5	0.3	1.7
Sale of by products	18.3	28.1	17.8
Discount on acquisition of subsidiaries	—	—	60.3
Net foreign currency exchange gain	—	—	2.3
Insurance claims	2.0	—	—
Governmental export incentive	0.6	—	—
Other	2.9	7.6	3.7
Total other income	**24.3**	**36.0**	**85.8**

9. General and administration expenses

The following items of expenditure are included in general and administration expenses:

	For the period ended December 31		
	2009	2008	2007
	In millions of US$		
Litigation settlements	—	—	—
Research and development	—	—	—
Donations	—	—	—
Operating lease costs	(0.3)	(0.9)	(1.2)
Schedule of auditor's remuneration			
Auditor's remuneration paid to Deloitte & Touche, LLP	—	(1.4)	(1.3)
Auditor's remuneration paid to PricewaterhouseCoopers LLP	(1.0)	—	—
Other related fees — Deloitte & Touche, LLP			
Other audit related fees	—	(0.1)	(0.3)
Tax fees	(0.4)	—	—
Other fees(a)	(13.2)	—	—
Other related fees — PricewaterhouseCoopers LLP			
Other audit related fees	—	—	—
Tax fees	—	—	—
Other fees(b)	(12.1)	—	—
Total auditor's remuneration	**(26.7)**	**(1.5)**	**(1.6)**
(a) Other related fees, comprising:			
Management consulting project	(13.1)	—	—
Other professional fees	(0.1)	—	—

(b) Included within Other fees is an amount of $12.1 million payable to PricewaterhouseCoopers LLP relating to tax advice regarding alternative fuel mixtures credits (refer to note 18). These costs have been recognised as a component of Cost of Goods Sold during the period.

10. Other expenses

	For the period ended December 31		
	2009	2008	2007
	In millions of US$		
Business restructuring costs	(2.9)	(3.9)	(7.1)
Inter-group management fees paid	(2.5)	(3.4)	(3.1)
Asset impairment charges — property, plant and equipment	(4.5)	—	—
Asset impairment charges — other	(1.6)	—	—
Loss on disposal of property, plant and equipment held for sale	—	(0.9)	(0.1)
Net foreign currency exchange loss	(0.9)	(2.9)	—
Other	(0.6)	(0.1)	(3.5)
Total other expenses	**(13.0)**	**(11.2)**	**(13.8)**

11. Personnel expenses

	For the period ended December 31		
	2009	2008	2007
	In millions of US$		
Wages and salaries	(266.9)	(251.3)	(181.0)
Expenses related to defined benefit pension and medical plans	(6.1)	(3.4)	(3.9)
Expenses related to post-employment medical benefit plan	—	(2.2)	(0.8)
Termination costs	(1.1)	(1.7)	(2.3)
Medical insurance	(39.3)	(37.6)	(24.8)
Other	(2.2)	(11.6)	(1.1)
Total personnel expenses	**(315.6)**	**(307.8)**	**(213.9)**

12. Financial income and expenses

	For the period ended December 31		
	2009	2008	2007
	In millions of US$		
Interest income on short term investments	0.2	0.5	2.6
Interest income on related party loans	0.1	0.3	—
Net foreign currency exchange gain	—	170.1	—
Financial income	**0.3**	**170.9**	**2.6**
Interest expense on financial liabilities measured at amortised cost			
Term loan facilities	(21.8)	(57.2)	(40.9)
Revolving credit facility	(1.5)	(2.2)	(1.4)
Related parties	(3.1)	(9.5)	(6.7)
Finance leases	—	(0.3)	(0.4)
Amortisation of deferred debt transaction costs	(1.2)	(1.2)	(2.5)
Net foreign currency exchange loss	(119.5)	—	(66.9)
Financial expenses	**(147.1)**	**(70.4)**	**(118.8)**
Net financial income (expenses)	**(146.8)**	**100.5**	**(116.2)**

13. Income tax

	For the period ended December 31		
	2009	2008	2007
	In millions of US$		
Current tax expense			
Current period	(46.5)	(5.7)	(3.0)
Adjustment for prior periods	0.1	—	—
	(46.4)	**(5.7)**	**(3.0)**
Deferred tax expense			
Origination and reversal of temporary differences	(11.5)	(52.7)	35.3
Tax rate modifications	(1.5)	—	—
Reduction in corporate tax rate	—	0.2	—
Recognition of previously unrecognised temporary differences	1.5	0.2	—
Adjustment for prior periods	—	—	—
	(11.5)	**(52.3)**	**35.3**
Income tax benefit (expense)	**(57.9)**	**(58.0)**	**32.3**

	For the period ended December 31		
	2009	2008	2007
	In millions of US$		
Income tax benefit (expense) from continuing operations	(57.9)	(58.0)	32.3
Income tax benefit (expense) from discontinued operations	—	—	—
	(57.9)	**(58.0)**	**32.3**

13.1 Reconciliation of effective tax rate

	For the period ended December 31		
	2009	2008	2007
	In millions of US$		
Profit (loss) before income tax	146.8	149.0	(20.2)
Income tax using the Group's domestic tax rate of 30% (2008: 30%; 2007: 33%)	(44.0)	(44.7)	6.7
Effect of tax rates in foreign jurisdictions	(13.1)	(12.6)	6.1
Non-deductible expenses	(0.3)	(0.1)	(0.1)
Tax exempt income	0.2	—	—
Non-assessable discount on acquisition of business	—	—	19.9
Controlled foreign corporation income, net of credits	(0.6)	—	—
Tax rate changes	(1.5)	—	—
United States manufacturing deduction	2.2	—	—
Other	1.1	0.8	1.3
Recognition of previously unrecognised tax losses	1.5	0.2	—
Current period losses for which no deferred tax asset was recognised	(3.5)	(1.6)	(1.6)
Over provided in prior periods	0.1	—	—
Total current period income tax benefit (expense)	**(57.9)**	**(58.0)**	**32.3**

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13. Income tax (continued)

During the year ended December 31, 2009, the Company recorded an additional $1.5 million in tax expense, and an additional $1.6 million in tax benefit, related to the New Zealand controlled foreign corporations rules for 2007 and 2008, respectively. These amounts were recorded in 2009 to true-up the respective estimated accruals during those years. The Company has determined that these amounts are immaterial to the 2007 and 2008 financial statements.

13.2 Income tax recognised directly in other comprehensive income

	Note	For the period ended December 31 2009	2008	2007
		In millions of US$		
Income tax recognised directly in other comprehensive income	14	—	—	—

14. Other comprehensive income

Within the statement of comprehensive income the Group has disclosed certain items of other comprehensive income net of the associated income tax expense or benefit. The pre-tax amount of each of these items and the associated tax effect is as follows:

	For the period ended December 31					
	2009		2008		2007	
	Pre-tax	Tax effect	Pre-tax	Tax effect	Pre-tax	Tax effect
	In millions of US$					
Exchange differences on translating foreign operations	(18.0)	—	1.4	—	(13.5)	—
Share of other comprehensive income of associates	—	—	—	—	—	—
Total other comprehensive income	**(18.0)**	**—**	**1.4**	**—**	**(13.5)**	**—**

15. Cash and cash equivalents

	As at December 31 2009	2008	2007
	In millions of US$		
Cash at bank and on hand	153.5	40.8	44.2
Short term deposits	—	—	3.6
Total cash and cash equivalents	**153.5**	**40.8**	**47.8**

16. Trade and other receivables

	As at December 31		
	2009	2008	2007
	In millions of US$		
Trade receivables	140.5	149.0	150.3
Provision for doubtful debts	(2.2)	(1.3)	(1.8)
	138.3	**147.7**	**148.5**
Related party receivables	0.1	0.4	2.5
Other receivables	34.9	11.2	35.3
Total current trade and other receivables	**173.3**	**159.3**	**186.3**
Related party receivables	12.0	11.9	11.4
Other receivables	7.0	6.3	7.9
Total non-current receivables	**19.0**	**18.2**	**19.3**

16.1 Movement in provision for doubtful debts

	As at December 31		
	2009	2008	2007
	In millions of US$		
Balance at the beginning of the period	(1.3)	(1.8)	—
Acquisition through business combinations	—	—	(1.5)
Doubtful debts charge recognised	0.1	0.1	0.1
Doubtful debts provision applied against trade receivable balances	(1.0)	(0.3)	(0.4)
Reversal of doubtful debts charges previously recognised	—	0.6	—
Effect of exchange rate fluctuations	—	0.1	—
Balance at end of period	**(2.2)**	**(1.3)**	**(1.8)**

The doubtful debts charge of $0.1 million (2008: $0.1 million, 2007: $0.1 million) has been recognised as a component of general and administrative expenses in the profit and loss component of the statements of comprehensive income. The charge is related to customers with balances deemed to be uncollectible.

16.2 Balances net of provision for doubtful debts

	As at December 31		
	2009	2008	2007
	In millions of US$		
Ageing of trade receivables at the reporting date			
Current	125.5	115.6	120.8
Past due 0 to 30 days	7.1	17.6	15.6
Past due 31 to 60 days	2.9	8.4	7.6
Past due 61 days to 90 days	0.9	2.6	3.3
More than 91 days	1.9	3.5	1.2
Total trade receivables net of the provision for doubtful accounts	**138.3**	**147.7**	**148.5**

The individual operating divisions within the Group have reviewed their respective past due trade receivable balances on either an individual or collective basis. Based on past experience, the Group believes that no further allowance other than that recognised is necessary.

17. Assets and disposal groups held for sale

17.1 Assets held for sale

The Group elected during the year ended December 31, 2007 to make available for sale certain items of property, plant and equipment associated with its London, Ontario and Framingham, Massachusetts facilities. On May 31, 2008, the Group also elected to make available for sale certain items of property, plant and equipment associated with its Richmond, Virginia facility. During the period the Group disposed of $0.9 million of assets (relating to the Richmond, Virginia, facility) which were held for sale as of the previous balance sheet date. During the period ending December 31, 2008, the Group disposed of $5.7 million of assets, which were held for sale as of December 31, 2007. Efforts to dispose of the remaining assets are currently progressing and are expected to be finalised by December 31, 2010.

	As at December 31		
	2009	**2008**	**2007**
	In millions of US$		
Property, plant and equipment	6.0	6.9	8.1
Assets held for sale	**6.0**	**6.9**	**8.1**

18. Inventories

	As at December 31		
	2009	**2008**	**2007**
	In millions of US$		
Raw materials and consumables	69.9	63.5	69.4
Work in progress	25.9	32.8	31.6
Finished goods	105.9	98.2	85.3
Engineering and maintenance materials	38.9	34.9	36.4
Provision against inventories	(2.0)	(1.6)	(1.3)
Total inventories	**238.6**	**227.8**	**221.4**
Carrying amount of inventories carried at fair value less costs to sell	—	—	—

During 2009 the write-down of inventories to net realisable value amounted to $1.0 million (2008: $0.9 million, 2007: $1.1 million). The reversal of write-downs during 2009 was nil (2008: $0.5 million, 2007: $0.7 million). The write down and reversal are included in cost of sales.

The U.S. Internal Revenue Code provides a tax credit for companies that use alternative fuel mixtures to produce energy to operate their businesses. The credit, equal to $0.50 per gallon of alternative fuel contained in the mixture, is refundable to the taxpayer. During May 2009, the Group received notification that its application to be registered as an alternative fuel mixer, at its Canton and Pine Bluff facilities, had been approved. For the year ended December 31, 2009, the Group filed claims for alternative fuel mixture credits covering eligible periods from January 2009 to December 2009, totalling approximately $235.0 million. As a result of these claims the Group recognised during the period a reduction in its cost of sales of $214.1 million, being the claim value net of applicable expenses. For the period ended December 31, 2009, the Group had received alternative fuel payments totalling $208.0 million with $27.0 million of claims pending as of December 31, 2009 which has been recorded in other receivables (see Note 16). The alternative fuel mixture credit was considered taxable income in the U.S. federal income tax provision. The tax credit, as it relates to liquid fuels derived from biomass, expired on December 31, 2009.

19. Other assets

	As at December 31		
	2009	2008	2007
	In millions of US$		
Pension assets	1.1	1.0	1.1
Deferred charges	4.9	11.1	14.7
Other assets	—	0.5	—
Total non-current other assets	**6.0**	**12.6**	**15.8**

20. Property, plant and equipment

	Land and buildings	Plant and equipment	Capital work in progress	Finance leased assets	Total
			In millions of US$		
As at December 31, 2009					
Cost	146.9	523.1	22.4	0.7	693.1
Accumulated impairment losses	(2.3)	(2.2)	—	—	(4.5)
Accumulated depreciation	(16.6)	(138.6)	—	(0.3)	(155.5)
Carrying amount	**128.0**	**382.3**	**22.4**	**0.4**	**533.1**
As at December 31, 2008					
Cost	129.6	446.4	52.6	0.7	629.3
Accumulated impairment losses	—	—	—	—	—
Accumulated depreciation	(10.2)	(84.5)	—	(0.2)	(94.9)
Carrying amount	**119.4**	**361.9**	**52.6**	**0.5**	**534.4**
As at December 31, 2007					
Cost	133.0	424.8	18.6	1.8	578.2
Accumulated impairment losses	—	—	—	—	—
Accumulated depreciation	(4.7)	(34.5)	—	(0.1)	(39.3)
Carrying amount	**128.3**	**390.3**	**18.6**	**1.7**	**538.9**
Cost at the beginning of the period	129.6	446.4	52.6	0.7	629.3
Accumulated depreciation and impairment losses at the beginning of the period	(10.2)	(84.5)	—	(0.2)	(94.9)
Carrying amount at the beginning of the period	119.4	361.9	52.6	0.5	534.4
Other additions	—	—	63.0	—	63.0
Capitalisation of borrowing costs	—	—	0.1	—	0.1
Depreciation for the period	(5.9)	(55.1)	—	(0.1)	(61.1)
Impairment loss for the period	(2.3)	(2.2)	—	—	(4.5)
Reversal of impairment loss during the period	—	—	—	—	—
Disposals	—	(0.1)	(0.1)	—	(0.2)
Other transfers	15.6	77.6	(93.2)	—	—
Effect of movements in exchange rates	1.2	0.2	—	—	1.4
Carrying amount at December 31, 2009	**128.0**	**382.3**	**22.4**	**0.4**	**533.1**

20. Property, plant and equipment (continued)

	Land and buildings	Plant and equipment	Capital work in progress	Finance leased assets	Total
			In millions of US$		
Cost at the beginning of the period	133.0	424.8	18.6	1.8	578.2
Accumulated depreciation and impairment losses at the beginning of the period	(4.7)	(34.5)	—	(0.1)	(39.3)
Carrying amount at the beginning of the period	128.3	390.3	18.6	1.7	538.9
Other additions	0.4	—	63.1	—	63.5
Capitalisation of borrowing costs	0.3	—	0.6	—	0.9
Transfer (to) from assets as held for sale	(2.7)	(2.9)	—	—	(5.6)
Depreciation for the period	(6.2)	(51.4)	—	(0.1)	(57.7)
Impairment loss for the period	—	—	—	—	—
Reversal of impairment loss during the period	—	—	—	—	—
Disposals	—	(0.3)	—	—	(0.3)
Other transfers	3.4	27.4	(29.7)	(1.1)	—
Effect of movements in exchange rates	(4.1)	(1.2)	—	—	(5.3)
Carrying amount at December 31, 2008	**119.4**	**361.9**	**52.6**	**0.5**	**534.4**
Cost at the beginning of the period	—	—	—	—	—
Accumulated depreciation and impairment losses at the beginning of the period	—	—	—	—	—
Carrying amount at the beginning of the period	—	—	—	—	—
Acquisitions through business combinations	132.7	406.1	13.3	1.8	553.9
Other additions	0.6	28.2	6.9	—	35.7
Capitalisation of borrowing costs	—	—	—	—	—
Transfer to assets as held for sale	—	(8.1)	—	—	(8.1)
Depreciation for the period	(4.7)	(36.1)	—	(0.1)	(40.9)
Impairment loss for the period	—	—	—	—	—
Reversal of impairment loss during the period	—	—	—	—	—
Disposals	—	(1.4)	—	—	(1.4)
Other transfers	—	1.6	(1.6)	—	—
Effect of movements in exchange rates	(0.3)	—	—	—	(0.3)
Carrying amount at December 31, 2007	**128.3**	**390.3**	**18.6**	**1.7**	**538.9**

The depreciation charge of $61.1 million for the period (2008: $57.7 million, 2007: $40.9 million) is recognised in the statement of comprehensive income as a component of cost of sales (2009: $58.5 million, 2008: $54.9 million, 2007: $40.4 million) and general and administration expenses (2009: $2.6 million, 2008: $2.8 million, 2007: $0.5 million).

During the period ended December 31, 2009, the Group incurred an impairment loss in respect of the production assets associated with its Latin American operations totalling $4.5 million (2008: nil, 2007: nil). There were no reversals of impairment charges during the twelve month period ending December 31, 2009 (2008: nil, 2007: nil). The impairment charge is included in other expenses in the profit and loss component of the statement of comprehensive income.

20. Property, plant and equipment (continued)

The Group leases equipment under finance leases. The leased equipment acts to secure the lease obligations. At December 31, 2009 the net carrying amount of leased equipment was $0.4 million (2008: $0.5 million, 2007: $1.7 million).

There are no restrictions on the title of any items of property, plant and equipment except as outlined in note 25 and for those items as held under financing leases.

21. Current and deferred tax assets and liabilities

The current tax liability for the Group of $10.4 million (2008: $3.3 million, 2007: nil) represents the amount of income taxes payable in respect to current and prior financial periods. The current tax asset of nil (2008: nil, 2007: $1.1 million) represents the amount of income taxes recoverable in respect of prior periods and that arise from the payment of tax in excess of the amounts due to relevant tax authorities.

21.1 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of certain tax losses and asset impairment charges.

	As at December 31		
	2009	2008	2007
	In millions of US$		
Deductible temporary differences:			
Asset impairment	0.9	—	—
Tax losses	5.8	4.7	3.3
Total unrecognised deferred tax assets	**6.7**	**4.7**	**3.3**

The tax losses expire in various years beginning in 2014. Deferred tax assets have not been recognised in respect of these items because it is not yet probable that future taxable profit will be available against which the Group can utilise the benefit.

21.2 Movement in recognised deferred tax assets and liabilities

	Balance at the beginning of the period January 1, 2007	Recognised in the profit and loss	Recognised in equity	Acquired in business combination	Balance at December 31, 2007	Recognised in the profit and loss	Recognised in equity	Balance at December 31, 2008	Recognised in the profit and loss	Recognised in equity	Balance at December 31, 2009
	In millions of US$										
Inventories	—	(0.2)	—	0.1	(0.1)	2.3	—	2.2	1.4	—	3.6
Property, plant and equipment	—	1.0	0.1	(100.9)	(99.8)	(1.5)	1.2	(100.1)	(15.5)	(0.1)	(115.7)
Intangible assets	—	1.6	—	(24.2)	(22.6)	1.1	—	(21.5)	1.2	—	(20.3)
Employee benefits	—	8.2	(0.1)	12.8	20.9	(1.4)	0.1	19.6	(3.0)	—	16.6
Provisions	—	(0.9)	—	3.6	2.7	2.9	(0.1)	5.5	0.3	0.1	5.9
Unrealised foreign currency exchange losses (gains)	—	23.4	—	—	23.4	(63.5)	(0.1)	(40.2)	47.7	—	7.5
Tax loss carry-forwards	—	(0.1)	—	62.3	62.2	9.6	(0.1)	71.7	(43.1)	—	28.6
Interest expense	—	2.3	—	—	2.3	(1.8)	—	0.5	(0.5)	—	—
Other items	—	—	—	—	—	—	—	—	—	—	—
Net deferred tax assets (liabilities)	**—**	**35.3**	**—**	**(46.3)**	**(11.0)**	**(52.3)**	**1.0**	**(62.3)**	**(11.5)**	**—**	**(73.8)**

21. Current and deferred tax assets and liabilities (continued)

	As at December 31, 2009	As at December 31, 2008	As at December 31, 2007
		In millions of US$	
Included in the statement of financial position as:			
Deferred tax assets — Non-Current	68.4	103.0	116.0
Deferred tax liabilities — Non-Current	(142.2)	(165.3)	(127.0)
Total recognised net deferred tax liabilities	**(73.8)**	**(62.3)**	**(11.0)**

21.3 Movement in unrecognised deferred tax assets and liabilities

	Balance at the beginning of the period	Acquired in business combination	Additions and reversals	Recognised in equity	Balance at December 31, 2007	Additions and reversals	Recognised in equity	Recognition	Balance at December 31, 2008	Additions and reversals	Recognition	Balance at December 31, 2009
						In millions of US$						
Tax losses	—	1.7	1.6	—	3.3	1.6	—	(0.2)	4.7	2.6	(1.5)	5.8
Asset impairment	—	—	—	—	—	—	—	—	—	0.9	—	0.9
Net unrecognised deferred tax assets (liabilities)	**—**	**1.7**	**1.6**	**—**	**3.3**	**1.6**	**—**	**(0.2)**	**4.7**	**3.5**	**(1.5)**	**6.7**

22. Intangible assets

	Goodwill	Trademarks	Customer Relationships/ Non-compete Agreements	Patents/ Technology	Total
			In millions of US$		
As at December 31, 2009					
Cost	42.0	33.8	11.2	18.7	105.7
Accumulated impairment losses	—	—	—	—	—
Accumulated amortisation	—	—	(5.3)	(7.2)	(12.5)
Carrying amount	**42.0**	**33.8**	**5.9**	**11.5**	**93.2**
As at December 31, 2008					
Cost	48.6	33.8	11.2	18.7	112.3
Accumulated impairment losses	—	—	—	—	—
Accumulated amortisation	—	—	(4.3)	(4.3)	(8.6)
Carrying amount	**48.6**	**33.8**	**6.9**	**14.4**	**103.7**
As at December 31, 2007					
Cost	48.6	33.8	11.2	18.7	112.3
Accumulated impairment losses	—	—	—	—	—
Accumulated amortisation	—	—	(2.4)	(1.9)	(4.3)
Carrying amount	**48.6**	**33.8**	**8.8**	**16.8**	**108.0**

22. Intangible assets (continued)

	Goodwill	Trademarks	Customer Relationships/ Non-compete Agreements	Patents/ Technology	Total
			In millions of US$		
Cost at the beginning of the period	48.6	33.8	11.2	18.7	112.3
Accumulated amortisation at the beginning of the period	—	—	(4.3)	(4.3)	(8.6)
Carrying amount at the beginning of the period	48.6	33.8	6.9	14.4	103.7
Acquisitions through business combinations	(6.6)	—	—	—	(6.6)
Other additions	—	—	—	—	—
Transfers from property, plant and equipment	—	—	—	—	—
Amortisation for the period	—	—	(1.0)	(2.9)	(3.9)
Disposals	—	—	—	—	—
Effect of movements in exchange rates	—	—	—	—	—
Carrying amount at December 31, 2009	**42.0**	**33.8**	**5.9**	**11.5**	**93.2**
Cost at the beginning of the period	48.6	33.8	11.2	18.7	112.3
Accumulated amortisation at the beginning of the period	—	—	(2.4)	(1.9)	(4.3)
Carrying amount at the beginning of the period	48.6	33.8	8.8	16.8	108.0
Other additions	—	—	—	—	—
Transfers from property, plant and equipment	—	—	—	—	—
Amortisation for the period	—	—	(1.9)	(2.4)	(4.3)
Disposals	—	—	—	—	—
Effect of movements in exchange rates	—	—	—	—	—
Carrying amount at December 31, 2008	**48.6**	**33.8**	**6.9**	**14.4**	**103.7**
Cost at the beginning of the period	—	—	—	—	—
Accumulated amortisation at the beginning of the period	—	—	—	—	—
Carrying amount at the beginning of the period	—	—	—	—	—
Acquisitions through business combinations	48.6	33.8	11.2	18.7	112.3
Other additions	—	—	—	—	—
Transfers from property, plant and equipment	—	—	—	—	—
Amortisation for the period	—	—	(2.4)	(1.9)	(4.3)
Disposals	—	—	—	—	—
Effect of movements in exchange rates	—	—	—	—	—
Carrying amount at December 31, 2007	**48.6**	**33.8**	**8.8**	**16.8**	**108.0**

The amortisation charge of $3.9 million for the period (2008: $4.3 million, 2007: $4.3 million) is recognised in the profit and loss component of the statement of comprehensive income as a component of general and administration expenses.

22. Intangible assets (continued)

In October 2009, the Group received $6.6 million from the seller of BRPPI in settlement of all outstanding indemnity claims made in connection with the acquisition (see note 33).

There are no restrictions on the title of the Group's intangible assets except as outlined in note 25.

22.1 Impairment testing for CGUs containing indefinite life intangible assets

Goodwill and trademarks are the only intangible assets with indefinite useful lives and are therefore not subject to amortisation. Instead, recoverable amounts are calculated annually as well as whenever there is an indication that they may be impaired.

For the purpose of impairment testing, indefinite life intangible assets are allocated to the Group's single CGU, which represents the lowest level within the Group at which indefinite life intangible assets are monitored for internal management purposes.

The aggregate carrying amount of indefinite life intangibles allocated to each unit are as follows:

	As at December 31, 2009		As at December 31, 2008		As at December 31, 2007	
	Goodwill	Trademarks	Goodwill	Trademarks	Goodwill	Trademarks
	In millions of US$					
Evergreen Packaging New Zealand Limited	42.0	33.8	48.6	33.8	48.6	33.8
	42.0	33.8	48.6	33.8	48.6	33.8

The recoverable amount of the indefinite life intangibles allocated to each CGU is determined based on either fair values less costs to sell or value-in-use calculations.

Evergreen Packaging New Zealand Limited

The Group is a vertically integrated, leading global manufacturer of fresh carton beverage packaging products, complete fresh packaging systems and the largest fresh bleached liquid packaging board supplier.

The impairment test for the CGU was based on the fair value less costs to sell. The methodology used to determine fair value less costs to sell was the future maintainable EBITDA of the CGU and multiples thereof.

The future maintainable EBITDA for the period ended December 31, 2009, was based on the CGU's EBITDA achieved in the respective periods.

The earnings multiples have been based on recent sale and purchase transactions in the same industry of generally the same size. The values assigned to key assumptions represent management's assessment of future trends in the CGU's industry and are based on both external sources and internal sources (historical data).

The estimated recoverable amount of the CGU exceeds the carrying amount including goodwill. Management considers that it is not reasonably possible for market multiples or other assumptions to change so significantly that it would result in the CGU's carrying amount to exceed its recoverable amount.

If the EBITDA or multiple used in the calculation of fair value less costs to sell calculation for the CGU had been 10% lower than that used for the period ended December 31, 2009, the Group would be able to continue to carry these assets as prescribed in the financial statements with no charge for impairment required.

23. Investments in associates and joint ventures equity accounted

Summary of financial information not adjusted for the percentage ownership held by the Group for associates and joint venture (equity method):

	Country of incorporation	% interest held	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenue	Expenses	Profit (loss) after tax
			In millions of US$								
2009											
Ducart Evergreen Packaging Ltd ("Ducart")	Israel	50%	12.4	2.4	14.8	5.5	1.9	7.4	19.7	18.2	1.5
Banawi Evergreen Packaging Company Limited ("Banawi")	Saudi Arabia	50%	5.9	3.0	8.9	1.6	0.2	1.8	14.7	12.5	2.2
			18.3	**5.4**	**23.7**	**7.1**	**2.1**	**9.2**	**34.4**	**30.7**	**3.7**
2008											
Ducart Evergreen Packaging Ltd ("Ducart")	Israel	50%	9.4	2.6	12.0	4.5	1.7	6.2	18.5	18.6	(0.1)
Banawi Evergreen Packaging Company Limited ("Banawi")	Saudi Arabia	50%	8.2	0.8	9.0	3.1	0.1	3.2	10.6	9.1	1.5
			17.6	**3.4**	**21.0**	**7.6**	**1.8**	**9.4**	**29.1**	**27.7**	**1.4**
2007											
Ducart Evergreen Packaging Ltd ("Ducart")	Israel	50%	9.2	2.9	12.1	4.2	2.0	6.2	16.3	16.0	0.3
Banawi Evergreen Packaging Company Limited ("Banawi")	Saudi Arabia	50%	5.6	0.8	6.4	2.1	0.1	2.2	10.9	9.5	1.4
			14.8	**3.7**	**18.5**	**6.3**	**2.1**	**8.4**	**27.2**	**25.5**	**1.7**

All associates and joint ventures (equity method) have a reporting date of November 30. For the purpose of applying the equity method of accounting, the financial statements of the Ducart and Banawi operations for the periods ending November 30, 2009, 2008 and 2007 have been used with appropriate adjustments being made for the effects of significant transactions and the Group's share of results between this date and December 31, 2009, 2008 and 2007, respectively.

Each of the associates has limitations to the amount of dividends that the associates may declare. Dividends are limited to the associates' accumulated profits after certain local reserve levels have been attained.

The Group has no joint or several liability in respect of its associates' liabilities, capital commitments or contingent liabilities at December 31, 2009, 2008 and 2007.

23. Investments in associates and joint ventures equity accounted (continued)

Movements in carrying values of investments in associates and joint ventures (equity method)

	As at December 31		
	2009	2008	2007
	In millions of US$		
Balance at the beginning of the period	8.1	6.7	—
Share of profit (loss), net of income tax	2.2	1.0	0.5
Share of other comprehensive income, net of income tax	—	—	—
Dividends received	—	—	—
Acquisition or increase in investment in associates	—	0.5	5.9
Disposal, decrease or dilution in investment in associates	—	—	—
Effect of movements in exchange rates	—	(0.1)	0.3
Balance at the end of the period	**10.3**	**8.1**	**6.7**
Amount of goodwill in carrying value of associates and joint ventures (equity method):	2.9	2.3	1.7

24. Trade and other payables

	As at December 31		
	2009	2008	2007
	In millions of US$		
Trade payables	93.5	109.5	116.2
Related party payables	1.9	2.7	0.3
Non-trade payables and accrued expenses	45.1	35.3	42.2
Total trade and other payables	**140.5**	**147.5**	**158.7**
Current	140.5	147.5	158.7
Non-current	—	—	—

25. Borrowings

This note provides information about the contractual terms of the Group's interest and non-interest bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 30.

	As at December 31		
	2009	2008	2007
	In millions of US$		
Revolving credit facility(b)	43.1	43.1	37.2
Term loan facilities(a)	30.0	12.5	—
Current portion of finance lease liabilities(d)	0.1	0.2	2.1
Other	—	—	0.1
Current borrowings	**73.2**	**55.8**	**39.4**
Term loan facilities(a)	587.3	494.7	694.2
Non-interest bearing inter-company borrowings(c)	83.9	162.9	155.7
Finance lease liabilities(d)	0.3	0.6	0.6
Other	—	0.6	0.9
Non-current borrowings	**671.5**	**658.8**	**851.4**
Term loan facilities	619.6	510.7	698.9
Transaction costs	(2.3)	(3.5)	(4.7)
Carrying amount	**617.3**	**507.2**	**694.2**

Terms and debt repayment schedule

	Currency	Nominal Interest Rate	Year of maturity	As at December 31 2009 Face value	As at December 31 2009 Carrying amount	As at December 31 2008 Face value	As at December 31 2008 Carrying amount	As at December 31 2007 Face value	As at December 31 2007 Carrying amount
			In millions of US$						
Term loan, tranche C	NZ$	MKBM + 1.25% to 1.75%	31 Jan 2012	124.6	124.1	99.2	99.2	133.2	133.2
Term loan, tranche D	NZ$	MKBM + 1.25% to 1.75%	31 Jan 2012	404.8	403.4	332.5	329.3	446.5	442.2
Term loan, tranche E (Revolver)	NZ$	MKBM + 1.25% to 1.75%	31 Jan 2012	32.4	32.3	54.7	54.7	89.0	89.0
Term loan, tranche D (Canada)	CA$	CAD LIBOR + 1.75%	31 Jan 2012	28.2	28.0	24.3	24.0	30.3	29.8
Term loan, tranche E (Revolver)	US$	USD LIBOR + 1.125%	31 Jan 2012	29.6	29.5	—	—	—	—
Revolving credit facility	US$	Refer to (b) below	31 Jul 2010	43.1	43.1	43.1	43.1	37.2	37.2
				662.7	**660.4**	**553.8**	**550.3**	**736.2**	**731.4**

Nominal interest rates

	As at December 31 2009			As at December 31 2008			As at December 31 2007		
	Base Rate	Margin	Total Rate	Base Rate	Margin	Total Rate	Base Rate	Margin	Total Rate
NZ$ term facilities	2.82%	0.75%-1.00%	3.57%-3.82%	5.50%	1.25%-1.75%	6.75%-7.25%	8.85%	0.625%-0.75%	9.475%-9.60%
CA$ term facilities	0.38%	1.00%	1.38%	2.50%	1.75%	4.25%	5.01%	0.75%	5.76%
US$ term facilities	0.24%	1.125%	1.365%	—	—	—	—	—	—
Revolving credit facility	—	—	—	—	—	—	—	—	—

25. Borrowings (continued)

(a) Term loan facilities

Two members of the Group, Evergreen Packaging Inc and Evergreen Packaging Canada Limited are borrowers under a syndicated Multi-Option Facility Agreement dated December 18, 2006 as amended (the "Facility"). The other Borrowers under the Facility are Carter Holt Harvey Limited ("CHHL") and Carter Holt Harvey Finance Australia Pty Limited. At December 31, 2009 the Facility comprised a revolving tranche of $100 million and term tranches of NZ$1,800 million, NZ$200 million, NZ$200 million and $425 million. The Facility is for a five year term maturing in January 2012. Amounts borrowed under the Facility are secured by way of cross guarantees from certain members of the group comprising CHHL and Building Supplies Group Holdings Pty Limited ("BSGH") and their respective subsidiaries and first ranking security interests. Security includes real property mortgages over certain strategic land holdings, debenture security provided directly by CHHL and most of its subsidiaries and by BSGH and most of its subsidiaries over certain assets. Indirect debenture security is also provided under a Notes Security Trust arrangement on a first ranking basis over certain assets by the Australian guarantors and a second ranking basis by certain New Zealand guarantors.

At December 31, 2009 the term tranches were drawn in the amount of NZ$773.6 million ($561.8 million), $29.6 million and CA$29.7 million ($28.2 million).

Under the Facility the total assets and EBITDA of the guaranteeing group members are required to be not less than 90% of the total assets and EBITDA, respectively, of the group comprising CHHL and BSGH and their respective subsidiaries, in each case calculated in accordance with the Facility.

(b) Revolving credit facility

Another member of the Group, BRPPI is the borrower under a $50.0 million revolving credit agreement dated as of December 17, 2003 among BRPPI, BRPP, LLC and General Electric Capital Corporation, as agent and lender (the "GE Agreement"). The GE Agreement expires on July 31, 2010. Amounts borrowed under the GE Agreement are secured by a first ranking security over receivables and inventory and second ranking security over the other assets of BRPPI and BRPP, LLC. At December 31, 2009 the GE Agreement was drawn in the amount of $43.1 million and letters of credit were drawn in the amount of $4.5 million.

The GE Agreement requires that BRPPI meet certain financial covenants, including a minimum borrowing availability threshold and a fixed charge coverage ratio. The minimum borrowing availability threshold is $5.0 million. The fixed charge cover ratio (which will only apply if borrowing availability falls below $5.0 million) must not be less than 1.1 to 1.0. In addition to these financial covenants, BRPPI must meet certain affirmative and negative operating covenants. If at any time there is an event of default or the borrowing availability is less than $5.0 million, the GE Agreement provides for activation of controlled bank accounts to apply daily cash collections toward the outstanding revolving loan balance.

Interest rates under the GE Agreement are at BRPPI's option for either an index rate (which is based on the prime rate) plus an applicable margin of 0.25% or LIBOR (London InterBank Offered Rate) plus an applicable margin of 2.0%. During 2009, the effective interest rate was 2.84% (2008: 4.94%, 2007: 7.40%). The amount of the margin under both interest rate options is based on the level of the borrowing availability.

(c) Inter-company borrowings

Refer to note 31 Related Parties

25. Borrowings (continued)

(d) Finance lease liabilities

Finance lease liabilities are payable as follows:

	As at December 31 2009			As at December 31 2008			As at December 31 2007		
	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
	In millions of US$								
Less than one year	0.1	—	0.1	0.2	—	0.2	2.3	0.2	2.1
Between one and five years	0.3	—	0.3	0.6	—	0.6	0.7	0.1	0.6
More than five years	—	—	—	—	—	—	—	—	—
Total finance lease liabilities	**0.4**	—	**0.4**	**0.8**	—	**0.8**	**3.0**	**0.3**	**2.7**

Assets pledged as security for loans and borrowings

The following assets have been pledged as security for the term loan, revolving credit facility, capital leases and other long term liabilities:

	Note	As at December 31 2009	2008	2007
		In millions of US$		
Trade and other receivables		50.7	49.0	64.5
Inventories		68.9	65.0	61.9
Property, plant and equipment		304.2	299.1	291.5
Total assets pledged as security		**423.8**	**413.1**	**417.9**

26. Employee benefits

	As at December 31 2009	2008	2007
	In millions of US$		
Salary and wages accrued	14.7	9.0	17.4
Provision for annual leave	19.0	19.2	18.9
Provision for employee benefits	3.2	2.7	3.1
Defined contribution obligation	1.3	—	1.5
Defined benefit obligations			
Pension benefits	3.9	7.9	10.4
Post-employment medical benefits	24.3	25.4	25.1
Total employee benefits	**66.4**	**64.2**	**76.4**
Current	38.7	29.0	37.3
Non-current	27.7	35.2	39.1
Total employee benefits	**66.4**	**64.2**	**76.4**

26. Employee benefits (continued)

26.1 Pension benefits

The Group makes contributions to a number of final salary or defined benefit pension schemes, which define the level of pension benefit an employee will receive on retirement.

	As at December 31		
	2009	2008	2007
	In millions of US$		
Present value of unfunded obligations	—	—	—
Present value of funded obligations	50.1	43.5	39.6
Unrecognised actuarial gains (losses)	(7.1)	(11.8)	(1.2)
Unrecognised past service costs	—	—	—
Total present value of obligations	43.0	31.7	38.4
Fair value of plan assets	(40.2)	(24.8)	(29.1)
Total pension benefits	**2.8**	**6.9**	**9.3**
Included in the statement of financial position as			
Employee benefits	3.9	7.9	10.4
Other non-current assets	(1.1)	(1.0)	(1.1)
	2.8	**6.9**	**9.3**

Movement in the defined benefit obligation

	For the period ended December 31		
	2009	2008	2007
	In millions of US$		
Liability for defined benefit obligations at the beginning of the period	43.5	39.6	—
Defined benefit obligations assumed in a business combination	—	—	32.1
Current service cost	3.4	3.4	3.8
Past service cost	—	—	—
Interest cost	2.5	2.2	1.0
Contributions by plan participants	0.1	0.1	0.1
Benefits paid by the plan	(1.1)	(0.9)	(0.5)
Plan amendments	1.3	0.1	—
Curtailments	—	—	0.1
Settlements	(1.4)	—	—
Other	—	—	1.4
Actuarial (gains) losses recognised	1.2	0.3	0.5
Effect of movements in exchange rates	0.6	(1.3)	1.1
Liability for defined benefit obligations at the end of the period	**50.1**	**43.5**	**39.6**

26. Employee benefits (continued)

Expense recognised in the statement of comprehensive income

	For the period ended December 31		
	2009	2008	2007
	In millions of US$		
Current service cost	3.4	3.4	3.8
Past service cost	1.3	0.1	—
Interest cost	2.5	2.2	1.0
Expected return on plan assets	(2.0)	(2.3)	(1.0)
Curtailments	—	—	0.1
Actuarial (gains) losses recognised	0.9	—	—
Total expense recognised in the statement of comprehensive income	**6.1**	**3.4**	**3.9**

The expense is recognised in the following line items in the statement of comprehensive income:

	For the period ended December 31		
	2009	2008	2007
	In millions of US$		
Cost of sales	5.5	3.4	3.0
General and administrative	0.6	—	0.9
Total expense recognised in the statement of comprehensive income	**6.1**	**3.4**	**3.9**

Movement in plan assets

	For the period ended December 31		
	2009	2008	2007
	In millions of US$		
Fair value of plan assets at the beginning of the period	24.8	29.1	—
Plan assets acquired in a business combination	—	—	23.6
Contributions by the Group	10.2	6.0	4.4
Contributions by the plan participants	0.1	0.1	0.1
Benefits paid by the plan	(1.1)	(0.9)	(0.5)
Expected return on plan assets	2.0	2.3	1.0
Settlements	(1.4)	—	—
Actuarial gains (losses) recognised	5.0	(8.4)	(0.1)
Effect of movements in exchange rates	0.6	(3.4)	0.6
Fair value of plan assets at the end of the period	**40.2**	**24.8**	**29.1**

26. Employee benefits (continued)

Plan assets consist of the following:

	As at December 31		
	2009	2008	2007
	In millions of US$		
Equity instruments	24.3	13.9	23.4
Debt instruments	14.2	9.3	5.7
Property	1.6	1.6	—
Other	0.1	—	—
Total plan assets	**40.2**	**24.8**	**29.1**

	Actual return on plan assets for the period ended December 31		
	2009	2008	2007
	In millions of US$		
Equity instruments	5.4	(5.2)	0.7
Debt instruments	1.7	(0.5)	0.2
Property	(0.1)	(0.4)	—
Other	—	—	—

The Group expects to contribute $0.1 million to the plans during the annual period beginning after the reporting date.

Actuarial assumptions

	For the period ended December 31		
	2009	2008	2007
Discount rate at December 31	5.8%	5.8%	5.6%
Inflation rate	—	—	—
Expected return on plan assets at January 1	7.6%	7.7%	6.4%
Future salary increases	3.5 - 4.0%	3.0 - 3.5%	3.0 - 3.5%
Future pension increases	—	—	—

Historical information

	For the period ended December 31				
	2009	2008	2007	2006	2005
	In millions of US$				
Present value of the defined benefit obligation	(50.1)	(43.5)	(39.6)	—	—
Fair value of plan assets	40.2	24.8	29.1	—	—
Plan (deficit) surplus	**(9.9)**	**(18.7)**	**(10.5)**	—	—
Experience adjustments arising on plan liabilities	—	—	—	—	—
Experience adjustments arising on plan assets	—	—	—	—	—

Historical information for the defined benefit pension schemes is not available for periods prior to 2007 as ownership or creation of the plans did not occur until 2007.

26. Employee benefits (continued)

26.2 Post-employment medical benefits

The Group operates a single post-employment medical benefit scheme in the United States. The method of accounting, assumptions and the frequency of valuations are similar to those used for defined benefit pension schemes.

During 2009, the Group re-negotiated its labour bargaining agreements, which affected certain employees and their entitlement under the Group post-retirement medical plan. Under this new agreement certain employees have been excluded from participating in the plan and have been transferred from the post-retirement medical plan to a defined contribution plan. This change resulted in $11.5 million decrease in the post-retirement medical obligation and generated $10.0 million in unrecognised past service costs as at December 31, 2009.

The main actuarial assumption is the long-term increase in health costs of 8.0% per year (2008: 8.0%, 2007: 8.0%) and the published mortality rates within the RP2000 combined mortality rate table for 2009, 2008 and 2007.

	As at December 31		
	2009	2008	2007
	In millions of US$		
Present value of unfunded obligations	14.3	25.4	25.1
Present value of funded obligations	—	—	—
Unrecognised actuarial gains (losses)	—	—	—
Unrecognised past service costs	10.0	—	—
Total present value of obligations	24.3	25.4	25.1
Fair value of plan assets	—	—	—
Total post-employment medical benefits	**24.3**	**25.4**	**25.1**

Movement in the defined benefit obligation

	For the period ended December 31		
	2009	2008	2007
	In millions of US$		
Liability for defined benefit obligations at the beginning of the period	25.4	25.1	—
Defined benefit obligations assumed in a business combination	—	—	24.2
Current service cost	0.3	0.7	0.2
Past service cost	—	—	—
Interest cost	1.2	1.5	0.6
Contributions by plan participants	0.3	0.2	0.1
Benefits paid by the plan	(1.6)	(0.9)	(0.4)
Plan amendments	(11.5)	—	—
Settlements	—	—	—
Actuarial (gains) losses recognised	0.2	(1.2)	0.4
Liability for defined benefit obligations at the end of the period	**14.3**	**25.4**	**25.1**

26. Employee benefits (continued)

Expense recognised in the statement of comprehensive income

	For the period ended December 31		
	2009	2008	2007
	In millions of US$		
Current service costs	0.3	0.7	0.2
Interest costs	1.2	1.5	0.6
Past service cost	(1.5)	—	—
Curtailments	—	—	—
Actuarial (gains) losses recognised	—	—	—
Total expense recognised in the statement of comprehensive income	**—**	**2.2**	**0.8**

The expense is recognised in the following line items in the statement of comprehensive income:

	For the period ended December 31		
	2009	2008	2007
	In millions of US$		
Cost of sales	—	2.2	0.5
General and administrative expenses	—	—	0.3
Total expense recognised in the statement of comprehensive income	**—**	**2.2**	**0.8**

The Group expects to contribute $2.1 million to the plan during the annual period beginning after the reporting date.

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in the statement of comprehensive income. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	One percentage point increase	One percentage point decrease
	In millions of US$	
Effect on the aggregate service and interest cost	0.1	(0.1)
Effect on the defined benefit obligation	1.0	(1.0)

Mortality rates have a significant effect on the amounts recognised in the statement of comprehensive income. A one percentage point change in mortality rates would have the following effects:

	One percentage point increase	One percentage point decrease
	In millions of US$	
Effect on the aggregate service and interest cost	—	—
Effect on the defined benefit obligation	—	—

26. Employee benefits (continued)

Historical information

	For the period ended December 31				
	2009	2008	2007	2006	2005
	In millions of US$				
Present value of the defined benefit obligation	(14.3)	(25.4)	(25.1)	—	—
Experience adjustments arising on plan liabilities	—	—	—	—	—
Experience adjustments arising on plan assets	—	—	—	—	—

Historical information for the post-employment medical benefit scheme is not available for periods prior to 2007, as ownership of the plan did not occur until 2007.

27. Provisions

	Business closure and rationalisation	Legal and warranty claims	Environmental remediation	Workers' compensation	Other	Total
	In millions of US$					
December 31, 2009						
Balance at the beginning of the financial period	0.4	3.4	1.9	5.5	0.4	11.6
Acquisitions through business combinations	—	—	—	—	—	—
Provisions made during the period	2.6	3.5	0.1	0.5	—	6.7
Provisions used during the period	(1.1)	(1.9)	(0.3)	(0.2)	—	(3.5)
Provisions reversed during the period	(0.4)	—	—	(1.5)	—	(1.9)
Effect of discount rates	—	—	—	—	—	—
Effect of movements in exchange rates	—	—	—	—	—	—
Balance at December 31, 2009	**1.5**	**5.0**	**1.7**	**4.3**	**0.4**	**12.9**
Current	1.5	5.0	—	4.3	—	10.8
Non-current	—	—	1.7	—	0.4	2.1
Total provisions at December 31, 2009	**1.5**	**5.0**	**1.7**	**4.3**	**0.4**	**12.9**
December 31, 2008						
Balance at the beginning of the financial period	2.3	3.3	2.1	3.2	2.4	13.3
Acquisitions through business combinations	—	—	—	—	—	—
Provisions made during the period	3.7	0.6	—	6.2	—	10.5
Provisions used during the period	(5.6)	(0.5)	(0.1)	(3.8)	—	(10.0)
Provisions reversed during the period	—	—	(0.1)	(0.1)	(2.0)	(2.2)
Effect of discount rates	—	—	—	—	—	—
Effect of movements in exchange rates	—	—	—	—	—	—
Balance at December 31, 2008	**0.4**	**3.4**	**1.9**	**5.5**	**0.4**	**11.6**
Current	0.4	3.4	0.1	5.5	—	9.4
Non-current	—	—	1.8	—	0.4	2.2
Total provisions at December 31, 2008	**0.4**	**3.4**	**1.9**	**5.5**	**0.4**	**11.6**

27. Provisions (continued)

	Business closure and rationalisation	Legal and warranty claims	Environmental remediation	Workers' compensation	Other	Total
			In millions of US$			
December 31, 2007						
Balance at the beginning of the financial period	—	—	—	—	—	—
Acquisitions through business combinations	1.8	2.8	—	3.0	—	7.6
Provisions made during the period	0.5	3.3	1.5	0.2	1.9	7.4
Provisions used during the period	—	(2.8)	—	—	—	(2.8)
Provisions reversed during the period	—	—	—	—	—	—
Effect of discount rates	—	—	—	—	—	—
Effect of movements in exchange rates	—	—	0.6	—	0.5	1.1
Balance at December 31, 2008	**2.3**	**3.3**	**2.1**	**3.2**	**2.4**	**13.3**
Current	2.3	3.3	0.1	3.2	2.3	11.2
Non-current	—	—	2.0	—	0.1	2.1
Total provisions at December 31, 2007	**2.3**	**3.3**	**2.1**	**3.2**	**2.4**	**13.3**

Restructuring costs expensed as incurred amounted to $0.3 million in 2009 and were recognised in other expenses (2008: $0.2 million, 2007: $4.8 million).

Business closure and rationalization

For the period ending December 31, 2009 a provision of $2.6 million (2008: $3.7 million, 2007: $0.5 million) was made to cover the costs associated with restructuring programs related to redundancy costs and site closure costs. Estimated restructuring costs mainly include employee termination benefits and are based on a detailed plan agreed between management and employee representatives. The restructuring was completed by December 31, 2009.

Legal and Warranty Claims

(a) Legal

The Group is subject to litigation in the ordinary course of operations. Provisions for legal claims are recognised when estimated costs associated with settling current legal proceedings are reliably estimated and it is considered probable that the Group will be required to settle. Provisions include estimated legal and other fees associated with settling these claims when such amounts are known and have been incurred.

(b) Warranty

A provision for warranty claims is recognised for all products under warranty at the reporting date based on sales volumes and past experience of the level of reports and returns.

Workers' Compensation

A provision for workers' compensation is recognised when it is probable that a liability has been incurred and can be reasonably estimated in respect of work place injuries.

27. Provisions (continued)

Environmental Remediation

The Group recognises liabilities for environmental remediation when it is probable that a liability has been incurred and can be reasonably estimated. The Group determines its liability on a site-by-site basis, and it is not discounted or reduced for possible recoveries from insurance carriers. The Group is committed to a proactive programme of remediation and dealing with historical contamination issues. Provisions allocated to deal with these residual issues have been estimated using existing technologies appropriate for secure disposal, at current rates.

28. Other liabilities

	As at December 31		
	2009	2008	2007
	In millions of US$		
Current deferred income	1.7	5.0	4.1
Other	0.3	0.6	1.2
Total current other liabilities	**2.0**	**5.6**	**5.3**
Other	—	0.6	0.6
Total non-current other liabilities	**—**	**0.6**	**0.6**

29. Equity and reserves

29.1 Share capital

	As at December 31		
Number of shares	2009	2008	2007
Balance at the beginning of the period	46,711,265	1	1
Issued during the period	—	46,711,264	—
Balance at December 31	**46,711,265**	**46,711,265**	**1**

	As at December 31		
	2009	2008	2007
	In millions of US$		
Balance at the beginning of the period	14.0	—	—
Issued and paid during the period	12.0	14.0	—
Balance at December 31	**26.0**	**14.0**	**—**

At December 31, 2009, the Company had on issue 46,711,265 (2008: 46,711,265; 2007: 1) ordinary shares, of which 46,711,265 (2008: 25,924,844; 2007: nil) were fully paid and nil (2008: 20,786,421; 2007: 1) were unpaid. On December 11, 2008, the Company received NZ$25.9 million (US$14 million) in consideration for the issuance of 25,924,844 shares. On January 7, 2009, the Company received NZ$20.8 million (US$12 million) in consideration for the issuance of 20,786,420 shares

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

29. Equity and reserves (continued)

29.2 Reserves

	As at December 31		
	2009	2008	2007
	In millions of US$		
Translation reserve	(30.1)	(12.1)	(13.5)
Other contributed equity reserves	1.5	1.5	1.5
Balance at December 31	**(28.6)**	**(10.6)**	**(12.0)**

(a) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(b) Other contributed equity reserves

On December 13, 2006, Carter Holt Harvey Investments contributed 100% of the issued capital of Evergreen Packaging USA Inc., and its controlled entity, Evergreen Packaging International (US) Inc. valued at $1.5 million to Evergreen Packaging US Limited. Evergreen Packaging US Limited then contributed these entities to Evergreen Packaging Inc. for nil consideration. At the time of acquisition, the acquired entities did not constitute a business. The acquired entities had net assets of $1.5 million at the time of acquisition. As the transaction did not constitute a business combination, the difference between the nil consideration paid by Evergreen Packaging Inc. and the net assets acquired has been recognised directly as an equity contribution.

29.3 Dividends

There were no dividends declared or paid during the period ended December 31, 2009. (2008: nil; 2007: nil)

29.4 Capital management

The Directors are responsible for monitoring and managing the Group's capital structure.

The Directors' policy is to maintain an acceptable capital base to promote the confidence of its financiers and creditors and to sustain the future development of the business. The Directors monitor the Group's financial position to ensure that it complies at all times with its financial and other covenants as set out in its financing arrangements.

In order to maintain or adjust the capital structure, the Directors may elect to take a number of measures including, for example, to dispose of assets or operating units of the business, to alter its short to medium term plans in respect of capital projects and working capital levels, or to re-balance the level of equity and external debt in place.

30. Financial risk management

30.1 Overview

This note presents information about the Group's exposure to market risk, credit risk and liquidity risk, and where applicable, the Group's objectives, policies and procedures for managing these risks.

30. Financial risk management (continued)

Exposure to market, credit and liquidity risks arise in the normal course of the Group's business. The Directors of the Group and the ultimate parent entity have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Directors' have established a treasury policy that identifies risks faced by the Group and sets out policies and procedures to mitigate those risks. Risk management is primarily carried out by a centralised treasury function at the Rank Group Limited level (ultimate parent entity). The Directors have delegated authority levels and authorised the use of various financial instruments to a restricted number of personnel within the treasury function.

Monthly consolidated treasury reports are prepared at the Rank Group level for the Directors, who ensure compliance with risk management policies and procedures.

30.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices will affect the Group's cash flows or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Group buys and sells derivatives in the ordinary course of business to manage market risks.

(a) Foreign exchange risk

As a result of the Group's international operations foreign exchange risk exposures exist on sales, purchases, assets and borrowings that are denominated in foreign currencies (i.e. currencies other than the United States Dollar). The currencies in which these transactions primarily are denominated are the New Zealand Dollar ("NZ$"), Canadian Dollar ("CA$"), Euros ("EUR"), Chinese Yuan ("CNY"), Taiwanese Dollar ("TWD") and the Korean Won ("KRW").

In accordance with the Group's treasury policy, the Group takes advantage of natural offsets to the extent possible. Therefore, when commercially feasible, the Group borrows in the same currencies in which cash flows from operations are generated. Generally the Group does not use forward exchange contracts to hedge residual foreign exchange risk arising from customary receipts and payments denominated in foreign currencies. However, when considered appropriate the Group may enter into forward exchange contracts to hedge foreign exchange risk arising from specific transactions.

30. Financial risk management (continued)

Exposure to foreign exchange risk

	NZ$	CA$	EUR	CNY	TWD	KRW
		In millions of respective currency				
December 31, 2009						
Cash and cash equivalents	4.7	2.3	0.1	42.0	130.3	2,962.9
Trade and other receivables	—	2.4	(0.1)	—	148.6	12,240.0
Non-current receivables	—	—	—	19.0	8.6	3,455.9
Trade and other payables	(5.1)	(0.5)	(0.1)	(26.5)	(120.6)	(2,175.7)
Loans and borrowings						
Term loan facility	(773.6)	(29.4)	—	—	—	—
Advances from related parties	(115.5)	—	—	—	—	—
Total exposure	**(889.5)**	**(25.2)**	**(0.1)**	**34.5**	**166.9**	**16,483.1**
Derivative financial instruments (notional principal amount)	—	—	—	—	—	—
Forward foreign exchange contracts	—	—	—	—	—	—
Effect of derivative contracts	**—**	**—**	**—**	**—**	**—**	**—**
Net exposure	**(889.5)**	**(25.2)**	**(0.1)**	**34.5**	**166.9**	**16,483.1**

	NZ$	CA$	EUR	CNY	TWD	KRW
		In millions of respective currency				
December 31, 2008						
Cash and cash equivalents	0.5	0.9	—	34.6	87.5	9,896.5
Trade and other receivables	—	3.7	—	37.8	128.6	11,633.6
Non-current receivables	—	—	—	19.4	10.1	3,864.2
Trade and other payables	—	(0.3)	—	(22.4)	(82.6)	(2,121.5)
Loans and borrowings						
Term loan facility	(841.1)	(29.2)	—	—	—	—
Advances from related parties	(21.0)	—	(51.0)	—	—	—
Total exposure	**(861.6)**	**(24.9)**	**(51.0)**	**69.4**	**143.6**	**23,272.8**
Derivative financial instruments (notional principal amount)	—	—	—	—	—	—
Forward foreign exchange contracts	—	—	—	—	—	—
Effect of derivative contracts	**—**	**—**	**—**	**—**	**—**	**—**
Net exposure	**(861.6)**	**(24.9)**	**(51.0)**	**69.4**	**143.6**	**23,272.8**

30. Financial risk management (continued)

	NZ$	CA$	EUR	CNY	TWD	KRW
	In millions of respective currency					
December 31, 2007						
Cash and cash equivalents	2.9	1.0	0.1	50.5	101.3	1,354.0
Trade and other receivables	—	7.0	—	41.6	138.4	12,034.2
Non-current receivables	—	1.2	—	28.5	203.6	6,084.6
Trade and other payables	—	(3.9)	—	(41.6)	(65.8)	(525.1)
Loans and borrowings						
Term loan facility	(855.6)	(29.2)	—	—	—	—
Advances from related parties	(42.0)	—	(48.2)	—	—	—
Total exposure	**(894.7)**	**(23.9)**	**(48.1)**	**79.0**	**377.5**	**18,947.7**
Derivative financial instruments (notional principal amount)	—	—	—	—	—	—
Forward foreign exchange contracts	—	—	—	—	—	—
Effect of derivative contracts	**—**	**—**	**—**	**—**	**—**	**—**
Net exposure	**(894.7)**	**(23.9)**	**(48.1)**	**79.0**	**377.5**	**18,947.7**

The Group has no derivative financial instruments outstanding at December 31, 2009 (2008: nil, 2007: nil).

In addition to the above, the Group is exposed to foreign exchange risk on future sales and purchases that are denominated in foreign currencies.

Significant exchange rates

The following significant exchange rates applied during the period:

	Average rate for the period ended December 31			As at December 31		
	2009	2008	2007	2009	2008	2007
NZ$	1.59	1.43	1.35	1.38	1.73	1.29
CA$	1.14	1.07	1.07	1.05	1.22	0.98
EUR	0.72	0.67	0.73	0.70	0.71	0.68
CNY	6.83	6.93	7.58	6.83	6.82	7.30
TWD	32.98	31.49	32.82	32.15	32.78	32.46
KRW	1,274.87	1,105.07	928.74	1,166.08	1,259.55	936.10

Sensitivity analysis

A change in exchange rates would impact future payments and receipts on the Group's assets and liabilities denominated in foreign currencies. A 10% strengthening of the USD against the following currencies at the reporting date would have increased (decreased) other comprehensive income. This analysis

30. Financial risk management (continued)

assumes that all other variables, in particular interest rates, remain constant. The same basis has been applied for all periods presented.

	For the period ended December 31,		
	2009	2008	2007
	In millions of US$		
NZ$	64.5	49.8	69.3
CA$	2.4	2.0	2.5
EUR	—	7.2	7.1
CNY	(0.5)	(1.1)	(1.1)
TWD	(0.5)	(0.4)	(1.2)
KRW	(1.4)	(1.8)	(2.0)

A 10% weakening of the USD against the above currencies would have the following effect:

	For the period ended December 31,		
	2009	2008	2007
	In millions of US$		
NZ$	(64.5)	(49.8)	(69.3)
CA$	(2.4)	(2.0)	(2.5)
EUR	—	(7.2)	(7.1)
CNY	0.5	1.1	1.1
TWD	0.5	0.4	1.2
KRW	1.4	1.8	2.0

Certain subsidiaries within the Group are exposed to foreign exchange risk on sales and purchases denominated in currencies that are not the functional currency of that subsidiary. In these circumstances, a change in exchange rates would impact the financial income or financial expense recognised in the Group's statement of comprehensive income as a component of the profit or loss.

(b) Interest rate risk

The Group's interest rate risk arises from long-term borrowings at both fixed and floating rates and deposits which earn interest at floating rates. Borrowings and deposits at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group's primary exposure is to floating interest rates on borrowings in New Zealand and Canada.

Borrowings at floating rates are partially offset by interest earned on cash deposits also at floating rates.

Any residual interest rate risk is managed at the Rank Group Limited level. Rank Group Limited adopts a policy of ensuring that approximately 50% of the overall Rank Group's consolidated exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by borrowing at fixed rates or entering into interest rate swaps.

30. Financial risk management (continued)

The following table sets out the Group's interest rate risk repricing profile:

	Total	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
			In millions of US$			
December 31, 2009						
Fixed rate instruments						
Loans and borrowings						
Other indebtedness	(0.4)	—	—	(0.4)	—	—
Total fixed rate instruments	**(0.4)**	**—**	**—**	**(0.4)**	**—**	**—**
Floating rate instruments						
Cash and cash equivalents	153.5	153.5	—	—	—	—
Loans and borrowings						
Term loan facilities	(619.6)	(619.6)	—	—	—	—
Revolving credit facility	(43.1)	(43.1)	—	—	—	—
Total variable rate instruments	**(509.2)**	**(509.2)**	**—**	**—**	**—**	**—**
Total	**(509.6)**	**(509.2)**	**—**	**(0.4)**	**—**	**—**
December 31, 2008						
Fixed rate instruments						
Loans and borrowings						
Other indebtedness	(1.4)	(0.2)	(0.2)	(1.0)	—	—
Total fixed rate instruments	**(1.4)**	**(0.2)**	**(0.2)**	**(1.0)**	**—**	**—**
Floating rate instruments						
Cash and cash equivalents	40.8	40.8	—	—	—	—
Loans and borrowings						
Term loan facilities	(510.7)	(510.7)	—	—	—	—
Revolving credit facility	(43.1)	(43.1)	—	—	—	—
Total variable rate instruments	**(513.0)**	**(513.0)**	**—**	**—**	**—**	**—**
Total	**(514.4)**	**(513.2)**	**(0.2)**	**(1.0)**	**—**	**—**
December 31, 2007						
Fixed rate instruments						
Loans and borrowings						
Other indebtedness	(3.7)	—	(2.1)	—	(1.6)	—
Total fixed rate instruments	**(3.7)**	**—**	**(2.1)**	**—**	**(1.6)**	**—**
Floating rate instruments						
Cash and cash equivalents	47.8	47.8	—	—	—	—
Loans and borrowings						
Term loan facilities	(694.2)	(694.2)	—	—	—	—
Revolving credit facility	(37.2)	(37.2)	—	—	—	—
Total variable rate instruments	**(683.6)**	**(683.6)**	**—**	**—**	**—**	**—**
Total	**(687.3)**	**(683.6)**	**(2.1)**	**—**	**(1.6)**	**—**

30. Financial risk management (continued)

The Group's sensitivity to interest rate risk can be expressed in two ways:

Fair value sensitivity analysis

A change in interest rates impacts the fair value of the Group's fixed rate borrowings. Fair value changes impact the statement of comprehensive income as a component of the profit or loss. Given all debt instruments are carried at amortised cost, a change in interest rates would not impact the carrying value of the debt instruments.

Cash flow sensitivity analysis

A change in interest rates would impact future interest payments and receipts on the Group's floating rate assets and liabilities. An increase in interest rates of 100 basis points at the reporting date would increase (decrease) the statement of comprehensive income result (pre-tax) by the amounts shown below, based on the assets and liabilities held at the reporting date, and a one year time frame. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for comparative periods.

	For the period ended December 31,		
	2009	2008	2007
	In millions of US$		
100 basis point parallel increase in interest rates	(5.1)	(5.1)	(6.8)
100 basis point parallel decrease in interest rates	5.1	5.1	6.8

30.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and related entities.

Given the diverse range of operations and customer demographics across the Group, the Directors have delegated authority for credit control procedures to each of the operating businesses within the Group.

Each operating business is responsible for managing its own credit control procedures. These include but are not limited to reviewing the individual characteristics of new customers for creditworthiness before accepting the customer and agreeing upon purchase limits and terms of trade. If considered appropriate the operating business may take out insurance for specific debtors.

Generally the Group does not require collateral in respect of trade and other receivables.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Demographically there are no concentrations of credit risk.

Historically there has been a low level of losses resulting from default by customers and related entities. The carrying amount of financial assets represents the maximum credit exposure.

30.4 Liquidity risk

Liquidity risk is the risk that the Group will not meet its contractual obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities as and when they fall due and comply with bank covenants under both normal and stressed conditions.

30. Financial risk management (continued)

The Group evaluates its liquidity requirements on an ongoing basis using a 13 week rolling forecast and ensures that it has sufficient cash on demand to meet expected operating expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities. It also has credit lines in place to cover potential shortfalls. At December 31, 2009 the Group had undrawn lines of credit totalling $4.5 million (2008: $2.1 million, 2007: $7.8 million).

The following table sets out contractual cash flows for all financial liabilities including derivatives.

	Carrying amount	Total	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
			In millions of US$				
December 31, 2009							
Non-derivative financial liabilities							
Trade and other payables	140.5	140.5	140.5	—	—	—	—
Liabilities held for sale							
Loans and borrowings							
Term loan facilities	617.3	663.7	23.5	28.3	38.1	573.8	—
Revolving credit facility	43.1	44.0	0.8	43.2	—	—	—
Advances from related parties	83.9	83.9	83.9	—	—	—	—
Other indebtedness	0.4	0.4	—	—	0.4	—	—
	885.2	932.5	248.7	71.5	38.5	573.8	—
Derivative financial liabilities							
Forward foreign exchange contracts							
Inflows	—	—	—	—	—	—	—
Outflows	—	—	—	—	—	—	—
Commodity derivatives							
Outflows	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
Total	**885.2**	**932.5**	**248.7**	**71.5**	**38.5**	**573.8**	**—**
December 31, 2008							
Non-derivative financial liabilities							
Trade and other payables	147.5	147.5	147.5	—	—	—	—
Liabilities held for sale	—	—	—	—	—	—	—
Loans and borrowings							
Term loan facilities	507.2	589.8	11.4	12.7	25.4	540.3	—
Revolving credit facility	43.1	44.7	0.5	0.5	43.7	—	—
Advances from related parties	162.9	165.6	165.6	—	—	—	—
Other indebtedness	1.4	1.5	0.3	0.2	1.0	—	—
	862.1	949.1	325.3	13.4	70.1	540.3	—

30. Financial risk management (continued)

	Carrying amount	Total	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
	In millions of US$						
Derivative financial liabilities							
Forward foreign exchange contracts							
Inflows	—	—	—	—	—	—	—
Outflows	—	—	—	—	—	—	—
Commodity derivatives							
Outflows	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
Total	**862.1**	**949.1**	**325.3**	**13.4**	**70.1**	**540.3**	**—**
December 31, 2007							
Non-derivative financial liabilities							
Trade and other payables	158.7	158.7	158.7	—	—	—	—
Liabilities held for sale	—	—	—	—	—	—	—
Loans and borrowings							
Term loan facilities	694.2	955.2	30.6	32.5	64.6	827.5	—
Revolving credit facility	37.2	39.3	1.6	37.7	—	—	—
Advances from related parties	155.7	165.6	104.9	—	60.7	—	—
Other indebtedness	3.7	4.6	0.3	2.3	0.9	1.1	—
	1,049.5	1,323.4	296.1	72.5	126.2	828.6	—
Derivative financial liabilities							
Forward foreign exchange contracts							
Inflows	—	—	—	—	—	—	—
Outflows	—	—	—	—	—	—	—
Commodity derivatives							
Outflows	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
Total	**1,049.5**	**1,323.4**	**296.1**	**72.5**	**126.2**	**828.6**	**—**

30. Financial risk management (continued)

30.5 Classification and fair values

	Fair value through the profit and loss	Available for sale	Held to maturity	Loans and receivables	Other liabilities	Total carrying amount	Fair value
	In millions of US$						
December 31, 2009							
Assets							
Cash and cash equivalents	—	—	—	153.5	—	153.5	153.5
Trade and other receivables	—	—	—	192.3	—	192.3	192.3
Derivative financial assets	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—
Total	**—**	**—**	**—**	**345.8**	**—**	**345.8**	**345.8**
Liabilities							
Trade and other payables	—	—	—	—	140.5	140.5	140.5
Loans and borrowings							
Term loan	—	—	—	—	617.3	617.3	617.3
Revolving credit facility	—	—	—	—	43.1	43.1	43.1
Advances from related parties	—	—	—	—	83.9	83.9	83.9
Other indebtedness	—	—	—	—	0.4	0.4	0.4
Other liabilities	—	—	—	—	2.0	2.0	2.0
Total	**—**	**—**	**—**	**—**	**887.2**	**887.2**	**887.2**
December 31, 2008							
Assets							
Cash and cash equivalents	—	—	—	40.8	—	40.8	40.8
Trade and other receivables	—	—	—	177.5	—	177.5	177.5
Derivative financial assets	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—
Total	**—**	**—**	**—**	**218.3**	**—**	**218.3**	**218.3**

30. Financial risk management (continued)

	Fair value through the profit and loss	Available for sale	Held to maturity	Loans and receivables	Other liabilities	Total carrying amount	Fair value
	In millions of US$						
Liabilities							
Trade and other payables	—	—	—	—	147.5	147.5	147.5
Loans and borrowings							
Term loan	—	—	—	—	507.2	507.2	507.2
Revolving credit facility	—	—	—	—	43.1	43.1	43.1
Advances from related parties	—	—	—	—	162.9	162.9	162.9
Other indebtedness	—	—	—	—	1.4	1.4	1.4
Other liabilities	—	—	—	—	6.2	6.2	6.2
Total	—	—	—	—	**868.3**	**868.3**	**868.3**
December 31, 2007							
Assets							
Cash and cash equivalents	—	—	—	47.8	—	47.8	47.8
Trade and other receivables	—	—	—	205.6	—	205.6	205.6
Derivative financial assets	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—
Total	—	—	—	**253.4**	—	**253.4**	**253.4**
Liabilities							
Trade and other payables	—	—	—	—	158.7	158.7	158.7
Loans and borrowings							
Term loan	—	—	—	—	694.2	694.2	694.2
Revolving credit facility	—	—	—	—	37.2	37.2	37.2
Advances from related parties	—	—	—	—	155.7	155.7	155.7
Other indebtedness	—	—	—	—	3.7	3.7	3.7
Other liabilities	—	—	—	—	5.9	5.9	5.9
Total	—	—	—	—	**1,055.4**	**1,055.4**	**1,055.4**

The methods used in determining fair values of financial instruments are discussed in note 5.

31. Related parties

Parent and ultimate controlling entity

The immediate parent of the Group is Evergreen Packaging Holdings Limited, the ultimate controlling entity of the Group is Rank Group Limited and the ultimate shareholder is Mr G.R. Hart.

Transactions with key management personnel

Key management personnel ("KMP") compensation comprised:

	For the period ended December 31		
	2009	2008	2007
	In millions of US$		
Short-term employee benefits	3.5	3.3	5.6
Post-employment benefits	—	—	—
Termination benefits	—	—	—
Other long-term benefits	—	—	—
Share based payments	—	—	—
Total compensation paid to key management personnel	**3.5**	**3.3**	**5.6**

All transactions and outstanding balances with key management personnel are conducted on an arm's length basis and are to be settled in cash. None of the balances are secured. There were no balances outstanding under agreements with key management personnel as of December 31, 2009 (2008: nil, 2007: nil).

No balances due from key management personnel have been written off or forgiven during the period.

Related party transactions

The entities, the nature of the relationship and the types of transactions with which the Group entered into related party transactions during the period are detailed below:

Entity name	Nature of relationship	Nature of transactions
Rank Group Limited	Ultimate parent entity	Inter-company trade receivable and payables
Carter Holt Harvey Limited	Subsidiary of ultimate controlling entity	Inter-company loans, PIK Note, Assignment of PIK Note, Inter-company trade payables
Carter Holt Investments	Subsidiary of ultimate controlling entity	Inter-company loan
BPC United States Inc.	Subsidiary of ultimate controlling entity	Inter-company trade receivables and payables, Inter-company loans receivable and payable
Burns Philp Canada Group Limited	Subsidiary of ultimate controlling entity	Inter-company trade receivables and payables. Inter-company loans receivable and payable
Carter Holt Harvey Limited	Subsidiary of ultimate controlling entity	Inter-company trade payables
Carter Holt Harvey Financial Services Pty Ltd	Subsidiary of ultimate controlling entity	Inter-company trade receivables
Carter Holt Harvey Pulp & Paper Limited	Subsidiary of ultimate controlling entity	Raw material purchases and inter-company trade payables.

31. Related parties (continued)

Entity name	Nature of relationship	Nature of transactions
Reynolds Consumer Products, Inc.	Common ultimate shareholder	Raw material purchases and inter-company trade payables.
Southern Plastics, Inc.	Common ultimate shareholder	Raw material purchases and inter-company trade payables.
Evergreen Packaging Holdings LTD	Immediate parent	Inter-company loan payable

	Transaction values for the period ended December 31			Balances outstanding as at December 31		
	2009	2008	2007	2009	2008	2007
	In millions of US$					
Transactions with the ultimate controlling entity						
Rank Group Limited(a)	—	(0.1)	—	(0.2)	(0.1)	—
Transactions with immediate parent						
Evergreen Packaging Holdings LTD(d)	—	—	—	(83.9)	—	—
Transactions with other related parties						
Carter Holt Harvey Limited(a)(b)(c)	(3.2)	(14.6)	(6.7)	(0.1)	(163.0)	(154.5)
Carter Holt Investments(d)	—	—	—	(1.4)	(1.3)	—
BPC United States Inc.(a)(e)	(2.5)	(2.2)	(3.1)	11.8	11.4	11.1
Burns Philp Canada Group Limited(a)	0.1	(0.6)	—	0.3	0.1	—
Carter Holt Harvey Financial Services Pty Ltd(a)	—	—	—	—	—	1.3
Carter Holt Harvey Pulp & Paper Limited(a)	—	(0.4)	—	—	(0.4)	—
Reynolds Consumer Products, Inc(a)	(1.9)	—	—	—	—	—
Southern Plastics, Inc(a)	(0.1)	—	—	(0.2)	—	—

(a) Trade receivables and payables are non-interest bearing and unsecured.

(b) Inter-company loans arising from Payment in Kind (PIK) note which provides for interest based upon a fixed rate of 9%, compounded semi-annually. Amounts are unsecured and payable on demand. The PIK Note was repaid in full with interest on July 23, 2009.

(c) Inter-company loan bearing interest at the US Bill Rate plus 1.75%. Amounts are unsecured and payable on demand.

(d) Non-interest bearing inter-company loan which is unsecured and payable on demand.

(e) Inter-company loan for which interest is based upon the AFR rate and is calculated monthly. Amounts are unsecured and payable on demand.

All transactions and outstanding balances with these related parties are conducted on an arm's length basis and are to be settled in cash. All amounts are unsecured, non-interest bearing and are repayable on demand. No related party debts have been written off or forgiven during the period.

32. Group entities

	Reporting date	Country of incorporation	Ownership interest (%) 2009	2008	2007
Evergreen Packaging US Limited	December 31	New Zealand	100	100	100
Evergreen Packaging Inc.	December 31	United States of America	100	100	100
Evergreen Packaging USA Inc.	December 31	United States of America	100	100	100
Evergreen Packaging International (US) Inc.	December 31	United States of America	100	100	100
Evergreen Packaging (Antilles) N.V.	December 31	Netherlands Antilles	100	100	100
Evergreen Packaging International B.V.	December 31	Netherlands	100	100	100
Evergreen Packaging Canada Limited	December 31	Canada	100	100	100
Evergreen Packaging (Taiwan) Co Limited	December 31	Taiwan	100	100	100
Beverage Packaging Taiwan Limited (Dissolved)	December 31	Taiwan	—	—	100
Evergreen Packaging Mexico, S. de R.L. de C.V.(a)	December 31	Mexico	100	100	100
Evergreen Packaging Korea Limited	December 31	Korea	100	100	100
Evergreen Packaging (Hong Kong) Limited	December 31	Hong Kong	100	100	100
Evergreen Packaging (Japan) G.K. (Dissolved)	December 31	Japan	—	100	100
Evergreen Packaging (Shanghai) Co., Ltd	December 31	China	100	100	100
Evergreen Packaging de El Salvador S.A. de C.V.	December 31	El Salvador	100	100	100
Envases Panama SA	December 31	Panama	100	100	100
Envases Internacional SA	December 31	Venezuela	51	51	51
Blue Ridge Holding Corporation	December 31	United States of America	100	100	100
Blue Ridge Paper Products Corp	December 31	United States of America	100	100	100
BRPP, LLC	December 31	United States of America	100	100	100
Blue Ridge Panama, LLC.	December 31	United States of America	—	100	100

(a) Effectively controlled with one equity participation of 2,990 Mexican pesos (99.7%) being held and one equity participation of 10 Mexican pesos (0.3%) being beneficially held.

33. Business combinations

Acquisition of Beverage Packaging business

On January 31, 2007, the Group completed the acquisition of the United States and Canadian assets and operations of the Beverage Packaging business from International Paper. The businesses acquired where subsequently renamed the Evergreen Packaging Group . The purchase price for these assets of approximately US$418.8 million (which was subject to certain closing price adjustments), was funded via the drawdown of the US$425 million tranche of the multi-option facility agreement. The purchase price was subject to a number of closing price adjustment mechanisms, which resulted in a net refund of US$20.4 million, which was recognised in full during the year ended December 31, 2007. The US$20.4 million net refund was received in April 2008.

On February 28, 2007, the Group also completed the acquisition of the Korean and Taiwanese operations of the Beverage Packaging business for a total purchase price of approximately US$46.5 million.

On April 2, 2007, the Group also completed the acquisition of the Chinese operations of the Beverage Packaging business for a total purchase price of approximately US$33.0 million.

On March 30, 2007, the Group completed the acquisition of the El Salvadorian operations of the Beverage Packaging business for approximately US$13.5 million.

On April 30, 2007, the Group completed the acquisition of a 51% controlling interest in the Venezuelan operations of the Beverage Packaging business for approximately US$5.3 million.

33. Business combinations (continued)

In undertaking the purchase price accounting exercise, management have considered the nature and substance of these acquisition transactions and have defined the US, Canadian, Korean, Taiwanese and Chinese acquisitions as representing a single purchase transaction.

The treatment of the acquisitions associated with the El Salvadorian and Venezuelan operations have been recognised as standalone acquisition transactions as a result of the separate and discrete negotiations that were undertaken to acquire these business operations.

These businesses combined contributed revenue and net income of $720.2 million and $16.1 million respectively to the Group's results for the period ended December 31, 2007. If the acquisition had occurred as at January 1, 2007, they would have contributed revenue and net loss of $795.9 million and $9.4 million, respectively. As at December 31, 2007, the Beverage Packaging acquisition has been determined to have the following effect on the Group's assets and liabilities as at the date of acquisition.

	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
		In millions of US$	
Trade debtors	135.6	(0.1)	135.5
Inventories	169.4	—	169.4
Other current assets	8.9	(6.8)	2.1
Property, plant and equipment	356.2	(54.4)	301.8
Identifiable intangible assets	—	30.4	30.4
Deferred taxes	—	(42.3)	(42.3)
Other non-current assets	26.0	0.7	26.7
Trade creditors	(43.6)	—	(43.6)
Provisions and accrued liabilities	(57.3)	(2.3)	(59.6)
Minority interests	(7.0)	—	(7.0)
Net identifiable assets and liabilities	588.2	(74.8)	513.4
(Discount) on acquisition			(60.3)
Goodwill on acquisition			6.1
Net assets acquired			**459.2**
Consideration paid in cash			496.7
Net cash (acquired)			(37.5)
Net cash outflow			**459.2**

The goodwill recognised on the acquisition was attributable mainly to the skill of the acquired businesses work force and the synergies expected to be achieved from integrating the company into the greater Group's global packaging and paper operations. The effect of the acquisition accounting for the Evergreen Packaging Group at December 31, 2007, is a discount on acquisition of $60.3 million and goodwill on acquisition of $6.1 million as at the date of acquisition.

Acquisition of Blue Ridge Holding Corp

On July 31, 2007 the Group completed the acquisition of 100% of the issued capital of Blue Ridge Holding Corp. The purchase price was $118.5 million.

33. Business combinations (continued)

The acquisition had the following effect on the Group's assets and liabilities at acquisition date:

	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
		In millions of US$	
Trade debtors	55.8	—	55.8
Inventories	52.6	0.5	53.1
Other current assets	2.2	0.6	2.8
Property, plant and equipment	192.9	57.3	250.2
Identifiable intangible assets	—	33.3	33.3
Other non-current assets	2.6	(2.6)	—
Deferred taxes	—	(4.0)	(4.0)
Trade creditors	(35.8)	—	(35.8)
Provisions and accrued liabilities	(56.3)	(4.8)	(61.1)
Term liabilities	(215.8)	—	(215.8)
Net identifiable assets and liabilities	(1.8)	80.3	78.5
Goodwill on acquisition			39.3
Net assets acquired			**117.8**
Consideration paid in cash			118.5
Net cash (acquired)			(0.7)
Net cash outflow			**117.8**

The goodwill recognised on the acquisition was attributable mainly to the skill of the acquired businesses' work force and the synergies expected to be achieved from integrating the company into the Group's global packaging and paper operations.

The business contributed revenue and net loss of $257.6 million and $3.8 million, respectively, to the Group's net profit for the period ended December 31, 2007. If the acquisition had occurred at January 1, 2007, they would have contributed revenue of $587.7 million and net loss of $8.7 million.

Post Finalisation of Purchase Price Accounting

During October 2009 the Group received $6.6 million from the seller of BRPPI in settlement of all outstanding indemnity claims made in connection with the acquisition. The amount received has been defined as representing contingent consideration of the purchase price paid for the acquisition. In accordance with IFRS 3, the effects of the settlement of contingent consideration has resulted in an adjustment to the purchase price accounting for BRPPI. The adjustment has been accounted for prospectively. As a result of this adjustment the consideration paid decreased by $6.6 million with the corresponding entry to reduce goodwill noted above from $39.3 million to $32.7 million in 2009.

Acquisition of Envases Panama SA

On July 31, 2007, the Group completed the acquisition of 100% of the issued capital of Envases Panama SA. The purchase price was $3.2 million.

33. Business combinations (continued)

This acquisition had the following effect on the Group's assets and liabilities at its acquisition date:

	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
		In millions of US$	
Cash and cash equivalents	—	—	—
Trade and other receivables	1.2	—	1.2
Inventories	0.9	—	0.9
Deferred tax assets	—	—	—
Property, plant and equipment	1.9	—	1.9
Intangible assets	—	—	—
Trade and other payables	(1.6)	—	(1.6)
Loans and borrowings	(2.4)	—	(2.4)
Deferred tax liabilities	—	—	—
Contingent liabilities	—	—	—
Net identifiable assets and liabilities	—	—	—
Goodwill on acquisition			3.2
Net assets acquired			**3.2**
Consideration paid in cash			3.2
Cash acquired			—
Net cash outflow			**3.2**

The goodwill recognised on the acquisition was attributable mainly to the skill of the acquired businesses work force and the synergies expected to be achieved from integrating the company into the Group's global packaging and paper operations.

The business contributed revenue and a net loss of $2.2 million and $0.2 million, respectively, to the Group's net profit for the period ended December 31, 2007. Due to the size of the acquisition, a pro-forma analysis of the impact of the results for the full current financial period has not been provided as such results do not impact materially the Group's operations.

34. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payables as follows:

	As at December 31		
	2009	2008	2007
	In millions of US$		
Less than one year	4.4	0.3	1.7
Between one and five years	8.2	1.5	2.3
More than five years	1.1	0.4	0.5
Total	**13.7**	**2.2**	**4.5**

34. Operating leases (continued)

During the period ended December 31, 2009 $5.9 million was recognised as an expense in the profit and loss component of the statement of comprehensive income in respect of operating leases (2008: $6.1 million, 2007: $5.8 million).

Significant leasing arrangements

The Group presently has in place no operating lease agreements which are deemed significant.

35. Reclassification of comparative information

Non-trade payables and accrued expenses

Certain comparative amounts relating to the classification of the Group's accrued expenses between trade and other payables and other liabilities has been conformed to be comparable with the current period's presentation. The effect of this reclassification results in no change to the total value of the current liabilities in accordance with IAS 1 "Presentation of Financial Statements (revised 2007)".

Cash flows

Certain comparative items within the reconciliation of the profit for the period to the net cash from operating activities for the year ended December 31, 2008 and 2007 have been reclassified to conform with the current period presentation in accordance with IAS 1 "Presentation of Financial Statements (revised 2007)".

36. Restatement of comparative information

Subsequent to the issuance of the financial statements for the periods ended December 31, 2008 and 2007 the Group identified errors in the statements of cash flows which have been restated in the current presentation.

For the period ended December 31, 2008 the Group received $20.4 million representing the adjustment to the purchase consideration for the International Paper Bev Pack Acquisition which was consummated during 2007. These amounts were recognised as a component of the Group's operating activities, even though they represented cash flows from investing activities. This restatement reclassifies these funds from the Group's operating activities to a component of the Group's investing activities.

During the periods ended December 31, 2008 and 2007 the Group incorrectly recorded accrued purchases of property, plant, and equipment between cash paid to suppliers and employees (forming part of the Group's net cash from operating activities) and payments for the acquisition of property, plant and equipment (forming part of the Group's net cash used in investing activities). This restatement corrects this error and removes these funds from both the operating activities and investing activities.

For the period ended December 31, 2007 the Group reclassified proceeds from and repayments of related party borrowings from a component of the Group's investing activities to the correct classification as a component of the Group's financing activities.

For the periods ended December 31, 2008 and 2007 the Group reclassified between cash received from customers and cash paid to suppliers and employees (both of which form part of the net cash from operating activities) amounts relating to accrued rebates and the sale of by-products.

These restatements did not impact the previously reported statements of financial position, comprehensive income, or changes in equity.

36. Restatement of comparative information (continued)

The following table sets forth the effects of the restatements on certain line items within the previously reported statements of cash flows:

	For the period ended December 31, 2008		
	As previously reported	Adjustment	Restated
	In millions of US$		
Cash received from customers	1,506.3	29.2	1,535.5
Cash paid to suppliers and employees	(1,406.0)	(56.0)	(1,462.0)
Net cash from operations activities	**37.4**	**(26.8)**	**10.6**
Acquisition of property, plant and equipment	(64.4)	6.4	(58.0)
Receipts from adjustments relating to acquisition of business	—	20.4	20.4
Net cash used in investing activities	**(59.5)**	**26.8**	**(32.7)**

	For the period ended December 31, 2007		
	As previously reported	Adjustment	Restated
	In millions of US$		
Cash received from customers	1,024.0	29.8	1,053.8
Cash paid to suppliers and employees	(874.3)	(31.4)	(905.7)
Net cash from operating activities	**115.4**	**(1.6)**	**113.8**
Acquisitions of property, plant and equipment	(35.7)	1.6	(34.1)
Proceeds from related party borrowings	90.8	(90.8)	—
Repayment of related party borrowings	(13.6)	13.6	—
Net cash used in investing activities	**(565.0)**	**(75.6)**	**(640.6)**
Proceeds from related party borrowings	—	90.8	90.8
Repayment of related party borrowings	—	(13.6)	(13.6)
Net cash from financing activities	**494.8**	**77.2**	**572.0**

37. Capital commitments

During the period ended December 31, 2009, the Group entered into contracts to incur capital expenditures of $13.4 million for property, plant and equipment. The commitment is expected to be settled in the following financial year.

38. Contingencies

Litigation and legal proceedings

The Group is subject to litigation in the ordinary course of operations, for which a provision has been recognised in the Group financial statements as of December 31, 2009 (refer to Note 27). The Group does not believe that it is engaged in any other legal proceedings for which provision has not been made which would be likely to have a material effect on its business, financial position or results of operations.

The Group has a contingent asset for claims lodged against third parties, including a claim relating to the construction of certain plant and machinery. While the Group is confident of its claim in the case of some of them, they may take some time to be resolved and it is therefore not possible to estimate with certainty the potential benefit that may accrue to the Group.

38. Contingencies (continued)

Security and guarantee arrangements

The Company is a guarantor under two debentures issued by CHHL (a related company of the Company). During 1994 and 1995 CHHL issued Senior Debentures in the United States debt market. Two of these Debentures remain outstanding, a $150 million 8⅜% Senior Debenture maturing in April 2015 (the "2015 Debenture") and a $150 million 9½% Senior Debenture maturing in December 2024 (the "2024 Debenture"). Both are unsecured borrowings ranking pari passu with other senior unsecured facilities. The principal amount outstanding under the 2015 Debenture is $3.0 million and the principal amount outstanding under the 2024 Debenture is $7.3 million. Certain members of the Group comprising CHHL and BSGH and their respective subsidiaries guarantee CHHL's obligations under the 2015 Debenture and the 2024 Debenture.

Certain Group subsidiaries have entered into guarantee and security arrangements in respect to some of the Group's indebtedness as described in note 25.

39. Subsequent events

On February 19, 2010, the Group disposed of its London, Canada facility (which had been previously recognised as available for sale) for consideration of CA$1.9 million ($1.8 million).

On April 16, 2010 Reynolds Group Holdings Limited, a related entity, announced its intention to acquire, through its indirect subsidiary, Beverage Packaging Holdings (Luxembourg) III S.à r.l., substantially all of the business operations of the Group.

On April 16, 2010 the Group disposed of its Venezuela operations for consideration of $1.9 million through the disposal of its 51% interest in Envases Internacional SA.