QUARTERLY REPORT
For the period ended June 30, 2010

REYNOLDS GROUP HOLDINGS LIMITED

New Zealand
(Jurisdiction of incorporation or organization)

Reynolds Group Holdings Limited
Level Nine
148 Quay Street
Auckland 1140 New Zealand
Attention: Helen Golding
Tel: +64 93666259
Fax: +64 93666263
Email: **enquiries@reynoldsgroupholdings.com**

QUARTERLY REPORT
For the period ended June 30, 2010

BEVERAGE PACKAGING HOLDINGS GROUP

Luxembourg
(Jurisdiction of incorporation or organization)

c/o Reynolds Group Holdings Limited
Level Nine
148 Quay Street
Auckland 1140 New Zealand
Attention: Helen Golding
Tel: +6493666259
Fax: +6493666263
Email**: enquiries@reynoldsgroupholdings.com**

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Introductory Note

In this quarterly report, references to "we", "us", or "our" are to "Reynolds Holdings" or "RGHL" and its consolidated subsidiaries, unless otherwise indicated.

Certain Definitions

In this quarterly report:

- *"2010 Notes"* refers to the 8.5% Senior Notes due 2018 issued on May 4, 2010 in connection with the Evergreen Transactions of which $1,000.0 million was outstanding as of June 30, 2010. The 2010 Notes were issued by the Reynolds Issuers.
- "*2009 Notes"* refers to the dollar notes and the euro notes.
- *"2007 issuer"* refers to BP II.
- "*2007 Notes*" refers to the 2007 Senior Notes and the 2007 Senior Subordinated Notes.
- "*2007 Senior Notes*" refers to the 8.0% senior notes due 2016 issued by BP II on June 29, 2007, in connection with the SIG Transaction of which €480.0 million principal amount was outstanding at June 30, 2010.
- "*2007 Senior Subordinated Notes*" refers to the 9.5% senior subordinated notes due 2017 issued by BP II on June 29, 2007 in connection with the SIG Transaction of which €420.0 million principal amount was outstanding at June 30, 2010.
- "*Acquisition*" refers to the Closures Acquisition and the Reynolds Consumer Acquisition.
- "*Alcoa*" refers to Alcoa Inc.
- "*Asia Pacific North*" refers to China and Hong Kong.
- "*Black Liquor Credit*" refers to a tax credit that benefits companies that use alternative fuel mixtures to produce energy to operate their businesses. Black Liquor Credit, equal to $0.50 per gallon of alternative fuel contained in the applicable mixture, is refundable to the taxpayer.
- "*BevPack Group*" refers to BP I and its consolidated subsidiaries, together with BP II.
- "*BP I*" refers to Beverage Packaging Holdings (Luxembourg) I S.A., a direct subsidiary of RGHL. BP I guarantees the 2010 Notes, the 2009 Notes, the 2007 Notes and the Senior Secured Credit Facilities.
- "*BP II*" refers to Beverage Packaging Holdings (Luxembourg) II S.A., a sister company of BP I and a direct subsidiary of RGHL. BP II does not guarantee the 2010 Notes, the 2009 Notes or the Senior Secured Credit Facilities. BP II is the issuer of the 2007 Notes.
- "*BP III*" refers to Beverage Packaging Holdings (Luxembourg) III S.à r.l., a direct subsidiary of BP I and an indirect wholly-owned subsidiary of RGHL. BP III guarantees the 2010 Notes, the 2009 Notes, the 2007 Notes and the Senior Secured Credit Facilities.
- "*Closures*" refers to Closures Lux and its consolidated subsidiaries, which constitute our Closures segment.

- "*Closures Acquisition*" refers to the direct and indirect acquisition by BP III of the Closures business from an entity that is ultimately owned by our strategic owner Graeme Hart for a consideration of $1,223 million, less the amount of outstanding consolidated indebtedness of Closure Systems International (Luxembourg) S.à r.l. and its subsidiaries under the Reynolds Facility as of the date of the closing of the Closures Acquisition. The purchase price was adjusted, following such closing, for consolidated net cash and working capital and benefit of earnings.

- "*Closures B.V.*" refers to Closure Systems International B.V., a direct wholly-owned subsidiary of Closures N.Z. prior to the Acquisition and subsequent to the RGHL Transaction, a wholly-owned subsidiary of Closures Lux.

- "*Closures Group*" refers (i) prior to the Reynolds Acquisition, to Alcoa's closures business and (ii) after the Reynolds Acquisition, to Closures B.V. and its consolidated subsidiaries.

- "*Closures Lux*" refers to Closure Systems International (Luxembourg) S.à r.l., a wholly-owned subsidiary of Closures N.Z. prior to the RGHL Transaction, and subsequent to the RGHL Transaction, a wholly-owned subsidiary of BP III.

- "*Closures N.Z.*" refers to Closure Systems International (NZ) Limited, the sole shareholder of Closures Lux prior to the Acquisition.

- *"dollar notes*" refers to the 7.75% Senior Secured Notes due 2016 issued on November 5, 2009 of which $1,125.0 million principal amount was outstanding as of June 30, 2010.

- "*dollars*" or "*$*" refers to the lawful currency of the United States.

- "*Eastern Europe*" refers to Austria, Bulgaria, Croatia, Czech Republic, Greece, Hungary, Poland, Russia, Slovakia, Slovenia, Switzerland and Turkey.

- "*Equity Contribution*" refers to €368.6 million of cash contributed by RGHL to BP I, as common equity, as part of the RGHL Transaction.

- "*euro*" or "*€*" refers to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

- "*euro notes*" refers to the 7.75% Senior Secured Notes due 2016 issued on November 5, 2009 of which €450.0 million principal amount was outstanding as of June 30, 2010.

- "*Evergreen*" means Evergreen Lux and Evergreen US, which together constitute our Evergreen segment.

- *"Evergreen Acquisition"* means collectively the transactions completed on May 4, 2010 comprising (a) the acquisition by Reynolds Group Holdings Inc., a direct wholly-owned subsidiary of BP III, of all the equity interests of Evergreen Packaging Inc. for a total consideration of $1,522.4 million, (b) the acquisition by SIG Combibloc Holding GmbH, an indirect wholly-owned subsidiary of BP III, of all the equity interests of Evergreen Packaging (Luxembourg) S.à r.l. for a total consideration of $89.6 million and (c) the acquisition by Whakatane Mill Limited, an indirect wholly-owned subsidiary of BP III, of the assets and liabilities of the Whakatane Paper Mill from an entity ultimately owned by our strategic owner Graeme Hart for a total consideration of $45.8 million.

- *"Evergreen Lux"* means Evergreen Packaging (Luxembourg) S.à r.l. and its consolidated subsidiaries.

- *"Evergreen Transactions"* means the Evergreen Acquisition and the transactions related thereto including the incremental term loan borrowing of $800 million under an amendment to the Senior

Secured Credit Facilities, the issuance and guarantee of the 2010 Notes that funded such acquisitions and the payment of related fees and expenses.

- *"Evergreen US"* means Evergreen Packaging Inc. and its consolidated subsidiaries.

- "*Exchange Act*" refers to the U.S. Securities Exchange Act of 1934, as amended.

- "*GE Facility*" refers to the Credit Agreement dated as of December 17, 2003 (as amended), among Blue Ridge Paper Products Inc., the other credit parties signatory thereto, the lenders from time to time party thereto and General Electric Capital Corporation, as agent and as a lender, which provided for an aggregate of $50 million in revolving loans (including up to $5 million of swing line loans and up to $10 million of letters of credit). The GE Facility was repaid and terminated in connection with the Evergreen Transactions.

- "*guarantors*" refers to each member of the RGHL Group that guarantees the notes and the Senior Secured Credit Facilities from time to time.

- "*IAS*" refers to International Accounting Standards.

- "*IASB*" refers to the International Accounting Standards Board.

- "*IFRS*" refers to International Financial Reporting Standards as issued by the IASB.

- "*Initial Evergreen Acquisition*" refers to the series of acquisitions of IP's Bev Pack Business by Rank Group beginning on January 31, 2007, and continuing through the subsequent seven months, the associated borrowings that funded such acquisitions and the payment of related fees and expenses.

- "*IP*" refers to International Paper Company.

- "*IP's Bev Pack Business*" refers to the beverage packaging business of IP before the Initial Evergreen Acquisition.

- *"issuers"* refers to the Reynolds Issuers and the 2007 issuer.

- "*Lux Issuer*" means Reynolds Group Issuer (Luxembourg) S.A., a société anonyme (public limited liability company) formed under the laws of Luxembourg and an indirect subsidiary of RGHL. Lux Issuer is a sister company of BP III and a wholly-owned direct subsidiary of BP I, a co-issuer of the 2010 Notes and the 2009 Notes, and a guarantor of the 2007 Notes and the Senior Secured Credit Facilities.

- *"notes"* refers to the 2010 Notes, the 2009 Notes and the 2007 Notes.

- "*Packaging Holdings*" refers to Packaging Holdings Limited, the ultimate parent of RGHL. Packaging Holdings is a private company based in New Zealand and is wholly-owned by Graeme Hart.

- "*Pactiv*" refers to Pactiv Corporation.

- "*Pactiv Acquisition*" refers to the anticipated acquisition by Reynolds Holdings of all of the outstanding stock of Pactiv pursuant to an agreement and plan of merger dated August 16, 2010.

- "*Reynolds*" refers (i) prior to the Reynolds Acquisition, to Alcoa's businesses that became, following the RGHL Transaction, our Reynolds Consumer and Closures segments and the food and flexible packaging division of Alcoa, and (ii) after the Reynolds Acquisition, to Reynolds (NZ) Limited, the indirect parent of Reynolds Consumer and Closures prior to the Acquisition. Reynolds (NZ) Limited is a private company based in New Zealand and is wholly-owned by Graeme Hart.

- "*Reynolds Acquisition*" refers to the series of acquisitions from Alcoa indirectly by Graeme Hart, our strategic owner, of (i) those businesses that became, following the RGHL Transaction, our Reynolds Consumer and Closures segments and (ii) the food and flexible packaging division of Alcoa, which were substantially consummated on February 29, 2008, and the associated borrowings that funded such acquisitions and the payment of related fees and expenses.

- "*Reynolds Consumer*" refers to Reynolds Consumer Lux and its consolidated subsidiaries, together with Reynolds Consumer Holdings and its consolidated subsidiaries, which constitute our Reynolds Consumer segment.

- "*Reynolds Consumer Acquisition*" refers to the direct and indirect acquisition by BP III of the Reynolds Consumer business from an entity that is ultimately owned by our strategic owner, Graeme Hart, for a total consideration of $1,800 million, less the amount of outstanding consolidated indebtedness of Reynolds Consumer Holdings and its subsidiaries under the Reynolds Facility as of the date of closing of the Reynolds Consumer Acquisition. The total purchase price was adjusted, following such closing, for consolidated net cash, working capital and benefit of earnings.

- "*Reynolds Consumer Acquisition Co*." refers to Reynolds Group Holdings Inc., a direct wholly-owned subsidiary of BP III and the direct parent of the US Issuers.

- "*Reynolds Consumer Group*" refers (i) prior to the Reynolds Acquisition, to Alcoa's consumer products business and (ii) after the Reynolds Acquisition, to the aggregation of Reynolds Consumer Lux and its consolidated subsidiaries and Reynolds Consumer Holdings and its consolidated subsidiaries.

- "*Reynolds Consumer Holdings*" refers to Reynolds Consumer Products Holdings Inc., a wholly-owned subsidiary of Reynolds Consumer N.Z. prior to the Acquisition, and subsequent to the RGHL Transaction, a direct wholly-owned subsidiary of Reynolds Consumer Acquisition Co.

- "*Reynolds Consumer Lux*" refers to Reynolds Consumer Products (Luxembourg) S.à r.l., a wholly-owned subsidiary of Reynolds Consumer N.Z. prior to the Acquisition, and subsequent to the RGHL Transaction, a wholly-owned subsidiary of BP III.

- "*Reynolds Consumer N.Z.*" refers to Reynolds Consumer Products (NZ) Limited, the sole shareholder of Reynolds Consumer Lux and Reynolds Consumer Holdings prior to the Acquisition.

- "*Reynolds Facility*" refers to a senior secured term loan facility and a senior secured revolving credit facility entered into in connection with the Reynolds Acquisition, which was repaid in full as part of the RGHL Transaction.

- "*Reynolds Foodservice*" refers to the food and flexible packaging business of certain affiliated entities that are under the ownership of our ultimate sole shareholder Mr. Graeme Hart.

- "*Reynolds Foodservice Acquisition*" refers to the anticipated acquisition of Reynolds Foodservice by certain subsidiaries of RGHL.

- "*Reynolds Holdings*" or "*RGHL*" refers to Reynolds Group Holdings Limited (formerly known as Rank Group Holdings Limited), the indirect parent of BP III and the issuers among others. RGHL guarantees the 2010 Notes, the 2009 Notes, the 2007 Notes and the Senior Secured Credit Facilities.

- "*Reynolds Issuers*" refers to Lux Issuer, US Issuer and US Co-Issuer. The Reynolds Issuers are each wholly-owned indirect subsidiaries of RGHL.

- "*RGHL Group*" refers to RGHL and its consolidated subsidiaries after the SIG Transaction unless the context otherwise requires.

- *"RGHL Transaction"* refers to (i) the offering of the 2009 Notes, (ii) the Equity Contribution, (iii) the initial borrowings under the Senior Secured Credit Facilities, (iv) the repayment of certain existing indebtedness of the RGHL Group, Closures Group and Reynolds Consumer Group, (v) the Acquisition, (vi) the transactions related to the foregoing and (vii) the payment of fees and expenses related to the foregoing.

- "*SEC*" refers to the U.S. Securities and Exchange Commission.

- "*Senior Secured Credit Facilities*" refers to a $1,035 million senior secured term loan facility, a €250 million senior secured term loan facility, a $120 million senior secured revolving credit facility and a €80 million senior secured revolving credit facility that we entered into in connection with the RGHL Transaction as well as a $1,550 million incremental term facility of which $800 million was drawn in connection with the Evergreen Transactions.

- "*SIG*" refers to SIG Combibloc and its consolidated subsidiaries, which constitute our SIG Combibloc segment.

- "*SIG Acquisition*" refers to the acquisition of SIG by Packaging Holdings, through its indirect wholly-owned subsidiary, BP III, pursuant to a public tender offer that was concluded on May 11, 2007 and a subsequent squeeze out of minority shareholders that was concluded on November 7, 2007, for a total consideration of €1.7 billion.

- "*SIG Combibloc*" refers to SIG Combibloc Group AG (formerly known as SIG Holding AG). SIG Combibloc guarantees the 2010 Notes, the 2009 Notes, the 2007 Notes and the Senior Secured Credit Facilities.

- "*SIG Senior Credit Facilities*" refers to a senior secured term loan facility and a senior secured revolving credit facility entered into in connection with the SIG Transaction, which was repaid in full as part of the RGHL Transaction.

- "*SIG Transaction*" refers to: (i) the SIG Acquisition, (ii) borrowings of €740 million of term loans and the establishment of an €85 million revolving credit facility under the SIG Senior Credit Facilities, (iii) borrowings of €770 million of term loans under a senior subordinated bridge facility (the "2007 Bridge Facility"), (iv) the subsequent issuance and sale of €480 million of the 2007 Senior Notes and €420 million of the 2007 Senior Subordinated Notes used to repay in full the 2007 Bridge Facility and prepay €130 million of the term loans under the SIG Senior Credit Facilities, (v) the borrowings of €405 million by RGHL from an affiliate, (vi) the payment of fees and expenses, including financing fees, advisory fees and other transaction costs, and (vii) the cancellation of 178,100 treasury shares of SIG Combibloc on February 28, 2008.

- "*Southern Europe*" refers to France, Italy, Portugal and Spain.

- "*United States*" and "*U.S.*" refer to the United States of America.

- "*US Co-Issuer*" means Reynolds Group Issuer LLC, a limited liability company formed under the laws of the state of Delaware, United States, and an indirect wholly-owned subsidiary of BP III. US Co-Issuer is a co-issuer of the 2010 Notes and the 2009 Notes.

- "*US Issuer*" means Reynolds Group Issuer Inc., a company incorporated under the laws of the state of Delaware, United States, and an indirect wholly-owned subsidiary of BP III. US Issuer is a co-issuer of the 2010 Notes and the 2009 Notes.

- "*US Issuers*" means US Issuer and US Co-Issuer.

- "*Western Europe*" refers to Belgium, Denmark, Estonia, Finland, Germany, Ireland, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Sweden and the United Kingdom.

- "*Whakatane Paper Mill*" refers to the business assets and liabilities of the Whakatane paper mill acquired by Whakatane Mill Limited, a wholly-owned indirect subsidiary of SIG Combibloc, from an entity ultimately owned by our strategic owner Graeme Hart.

SEC Review

The information in this quarterly report is being provided pursuant to covenants contained in the indentures governing the notes and the agreement governing the Senior Secured Credit Facilities. The indentures governing the 2010 Notes and the 2009 Notes also require us to use commercially reasonable efforts to file an exchange offer registration statement with the SEC with respect to an offer to exchange the 2010 Notes and the 2009 Notes and, in certain circumstances, to file a shelf registration statement by November 2010, with respect to resales of the 2009 Notes and by May 2011 for the 2010 Notes. We do not currently expect to file the required registration statement for the 2009 Notes by November 2010 and consequently will be required to pay additional interest on the 2009 Notes beginning November 5, 2010 in accordance with the terms of the 2009 Notes. Any such additional interest would increase our interest expense for any period during which it is required to be paid. In addition, there can be no assurance that we will be able to file the required registration statement with respect to the 2010 Notes by May 2011. In the course of the SEC review of any such registration statement, we may be required to make changes to the description of our business and other information and financial data included in this quarterly report. The SEC may not view certain financial data included in this quarterly report as having been prepared in a manner that complies in all material respects with IFRS and the regulations published by the SEC. We may agree to modify such data and other data included in this quarterly report even if we do not necessarily agree that it did not comply with IFRS or applicable SEC regulations. Consequently, comments by the SEC on our financial data and other information included in any such registration statement may result in modification or reformulation of the data included in this quarterly report and any such modification or reformulation may be significant.

Non-GAAP Financial Measures

In this quarterly report, we utilize certain non-GAAP financial measures, including earnings before interest, tax, depreciation and amortization ("EBITDA") and Adjusted EBITDA, which in each case are not defined under IFRS. These measures are presented as we believe that they and similar measures are widely used in the markets in which we operate as a means of evaluating a company's operating performance and financing structure and, in certain cases, because those measures are used to determine compliance with covenants in our debt agreements. They may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles, nor should they be considered as substitutes for the information contained in the interim unaudited condensed financial statements included elsewhere in this quarterly report. For information regarding the non-GAAP financial measures used by management, please refer to note 6 to our interim unaudited condensed financial statements included elsewhere in this quarterly report.

Recent Developments

On August 16, 2010, we entered into a definitive agreement to acquire all of the outstanding stock of Pactiv. Under the terms of the agreement and plan of merger, we will pay $33.25 per Pactiv share (in cash), for a total purchase price of approximately $4.6 billion. Pactiv is a leading producer of consumer and foodservice packaging products, including the well-known Hefty® brand of food and trash bags and disposable tableware. The transaction is expected to close in the fourth quarter of 2010 or the first quarter of 2011 and is subject to customary regulatory approvals and closing conditions, including the approval of Pactiv's shareholders. We cannot assure you that this transaction will be completed in the timeframe anticipated, on its original terms or at all.

We expect to finance the purchase of the Pactiv Acquisition and associated transaction costs with up to approximately $5.0 billion of principal new indebtedness. As a result of entering into this agreement, we have incurred financing commitment fees of US$70.0 million (€57.3 million).

We expect to enter into an agreement to acquire the Reynolds Foodservice business from certain affiliated entities that are under the ownership of the ultimate sole shareholder Mr. Graeme Hart. We expect that the Reynolds

Foodservice Acquisition will close during the third quarter of 2010. The purchase and associated transaction costs will be financed from the existing cash reserves of the RGHL Group.

Forward-Looking Statements

This quarterly report 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 outcomes, 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 future costs of energy, raw materials and freight and the limited number of suppliers we use for those materials and services;
- risks related to acquisitions, including the Pactiv Acquisition, such as the risks that we will not be able to complete an acquisition in the timeframe anticipated, on its original terms, or at all, or that we will not be able to achieve some or all of the benefits that we expect to achieve from such acquisitions;
- risks related to our substantial indebtedness, including the additional indebtedness we expect to incur in connection with the Pactiv Acquisition, and our ability to service our current and future indebtedness;
- risks related to our aluminum hedging activities and other hedging activities which may result in significant losses and in period-to-period earnings volatility;
- risks related to our internal control environment which in the past have resulted in material weaknesses in our internal control over financial reporting within our Evergreen, Reynolds Consumer and Closures segments;
- risks related to our suppliers for raw materials and any interruption in our supply of raw materials;
- 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 bases, 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 or regulation;
- risks related to complying with environmental, health and safety laws or as a result of satisfying any liability or obligation imposed under such laws;

- risks related to changes in consumer lifestyle, eating habits, nutritional preferences and health-related and environmental concerns that may harm our business and financial performance;
- risks related to restrictive covenants in the notes and our other indebtedness which could adversely affect our business by limiting our operating and strategic flexibility;
- risks related to our dependence on key management and other highly skilled personnel; and
- risks related to other factors discussed or referred to in this quarterly report.

The risks above and the risks disclosed in or referred to in Item 1A "Risk Factors" of this quarterly report are not exhaustive lists of all the risks impacting our businesses. Other sections of this quarterly report 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 statements, 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 quarterly report.

PART I—FINANCIAL INFORMATION

ITEM 1. INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS.

Refer to the attached F pages for the interim unaudited condensed financial statements and notes thereto for the six months ended June 30, 2010 and June 30, 2009 for the RGHL Group and BevPack Group.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis includes forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements with respect to us. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this document. Refer to "Forward-Looking Statements" and Item 1A, "Risk Factors" included elsewhere in this document.

Overview

Reynolds Group Holdings Limited was incorporated under the Companies Act 1993 of New Zealand on May 30, 2006. We are a leading global manufacturer and supplier of consumer food and beverage packaging and storage products. We operate through four segments (SIG, Evergreen, Reynolds Consumer and Closures) that we acquired in a series of transactions, the latest of which was the Evergreen Acquisition. Our SIG segment manufactures a broad range of innovative, high quality aseptic beverage carton packaging primarily for the non-carbonated soft drinks (e.g., juices) and the liquid dairy (e.g., milk) segments. Aseptic carton packaging, most prevalent in Europe and Asia, is designed to allow beverages or liquid food to be stored for extended periods without refrigeration. Our Evergreen segment manufactures an extensive range of high quality fresh carton packaging primarily for the non-carbonated soft drinks (e.g., juices) and the liquid dairy (e.g., milk) segments. 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. Our Reynolds Consumer segment manufactures, primarily for the customers in the United States, a comprehensive range of consumer foil, wraps and bags under our well-recognized Reynolds brand and our store branded products. Our Closures segment manufactures, globally, a broad range of innovative, high quality beverage caps and closures, primarily for the carbonated soft drinks (e.g., cola), non-carbonated soft drinks (e.g., sports drinks) and bottled water segments. We believe each of our segments derives a majority of their sales from products in which we estimate we have market leading positions.

Our SIG, Evergreen, Reynolds Consumer and Closures segments have been under common ownership and control through entities ultimately 100% owned by Graeme Hart, our strategic owner, for over two years. These entities, however, were not owned, directly or indirectly, by a single company that consolidated their financial results or managed them on a combined basis prior to the consummation of the RGHL Transaction on November 5, 2009 and the Evergreen Transactions on May 4, 2010.

We have determined that the acquisitions by Reynolds Holdings of the Evergreen, Reynolds Consumer and Closures businesses constitute business combinations of entities under common control. IFRS is silent on the accounting required for business combinations involving entities that are under common control. Accordingly, we have chosen to account for the acquisitions of Evergreen, Reynolds Consumer and Closures, which were acquired from entities under the common control of our ultimate shareholder, Graeme Hart, using the carry-over or book value method. Under the carry-over or book value method, the business combinations do not change the historical carrying values of the assets and liabilities of the businesses acquired. The excess of the purchase prices over the consolidated carrying values of the share capital acquired is recognized as a reduction to equity.

We account for business combinations under common control prospectively from the date that a single company originally obtained control of the businesses. Therefore, the acquisitions of Evergreen, Reynolds Consumer and Closures have been accounted for under the principle of common control and all the prior periods presented in the accompanying financial statements have been recast to include their results of operations.

Accounting Principles

Our interim unaudited condensed financial statements are prepared in accordance with IFRS.

Reporting Currency

Our interim unaudited condensed financial statements are presented in euro, which is the presentation currency of our group. In accordance with IAS 21, the figures are translated from the functional currency of a given entity into euro 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 period and (c) items of other comprehensive income are translated at average exchange rates during the period.

Segment Reporting

We currently report our financial results in four segments: SIG, Evergreen, Reynolds Consumer and Closures. IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of our combined operations that are regularly reviewed by our Chief Operating Decision Maker ("CODM") in order to allocate resources to the applicable segment and to assess our performance. The RGHL Group CODM are the officers and directors of RGHL. Information reported to our CODM is for the purposes of resource allocation and assessment of segment performance.

Critical Accounting Policies

For a summary of our critical accounting policies, refer to Item 5, "Operating and Financial Review and Prospects—Critical Accounting Policies" of our annual report for the year ended December 31, 2009. Our critical accounting policies have not changed from those disclosed in our annual report for the year ended December 31, 2009.

Key Factors Influencing our Financial Condition and Results of Operations

The following discussion should be read in conjunction with "Key Factors Influencing our Financial Condition and Results of Operations" in Item 5, "Operating and Financial Review and Prospects" of our annual report for the year ended December 31, 2009, which discusses further key factors influencing our financial condition and results of operations, including net revenue, expenses and raw materials.

Acquisitions, Substantial Leverage and Other Transaction-Related Effects

Our results of operations and financial position were significantly impacted by the effects of the Initial Evergreen Acquisition, the SIG Acquisition, the Reynolds Acquisition, the RGHL Transaction and the Evergreen Transactions, which included the acquisition of the Whakatane Paper Mill. Following the consummation of the Evergreen Transactions in May 2010, the Whakatane Paper Mill became part of our SIG segment.

In connection with the Initial Evergreen Acquisition, the SIG Acquisition and the Reynolds Acquisition, we have recognized goodwill that as of June 30, 2010 was €1,333.7 million. Although goodwill is not subject to amortization under IFRS, it is subject to impairment tests at least annually. As significant portions of the purchase prices have been allocated to identifiable tangible and intangible assets, our depreciation and amortization expenses are significantly higher than the amounts recognized before the Initial Evergreen Acquisition, the SIG Acquisition or the Reynolds Acquisition.

The Initial Evergreen Acquisition, the SIG Acquisition and the Reynolds Acquisition were financed with significant borrowings. The RGHL Transaction, completed in November 2009, and the Evergreen Transactions, completed in May 2010, also involved additional borrowings. The condensed financial statements have been recast to account for business combinations involving entities under common control; however, the condensed statements of financial performance for the six months ended June 30, 2009 and 2010 reflect the interest and associated costs related to the RGHL Transaction and the Evergreen Transactions from the date of closing of such transactions. In addition, the financing of the RGHL Transaction involved the refinancing of borrowings originally drawn to fund

the SIG Acquisition and the Reynolds Acquisition. Accordingly, our condensed financial statements for periods prior to the RGHL Transaction and Evergreen Transactions are not comparable to results for subsequent periods.

As of June 30, 2010, we had total borrowings of €4,676.5 million. For more information regarding our external borrowings, refer to note 15 of our interim unaudited condensed financial statements included elsewhere in this quarterly report. Our future results of operations, including our net financial expenses, will be significantly affected by our substantial indebtedness. The servicing of this indebtedness has and will continue to impact our cash flows and our cash balance. Refer to the "Liquidity and Capital Resources" section.

Raw Materials and Energy Prices

Our results of operations in the past have been, and will continue to be in the future, impacted by changes in the costs of raw materials, including raw cartonboard, fiber, polyethylene ("PE") resin, commodity chemicals, aluminum, steel and components for filling machines, and the costs of energy, including fuel oil, electricity, natural gas and coal. The prices for raw materials can fluctuate significantly, particularly PE resin and aluminum.

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, equal to $0.50 per gallon of alternative fuel contained in the applicable mixture, is refundable to the taxpayer. In May 2009, our Evergreen segment'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, our Evergreen segment recognized a reduction of $214.1 million in its cost of sales, 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, our Evergreen segment does not expect any Black Liquor Credits for the year ending December 31, 2010.

Pricing and Product Mix

The results of operations for our Evergreen segment 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, it has 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 sales.

Similar to liquid packaging board, the paper markets are not typically subject to major earnings impacts due to product mix. Coated groundwood ("CGW") mix can be impacted by basis weight and/or brightness trends. Uncoated free sheet ("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

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

Results of Operations

The following discussion should be read in conjunction with the interim unaudited condensed financial statements and segment data. Detailed comparisons of revenue and results are presented in the discussions of the operating segments, which follow the RGHL results discussion. Results for interim periods may not be indicative of the results for the full year.

Three Months Ended June 30, 2010 compared with the Three Months Ended June 30, 2009

Reynolds Group Holdings Limited
(unaudited)

(In €million, except for %)	For the three months ended June 30,					
	2010	**% of revenue**	**2009**	**% of revenue**	**change**	**% change**
Income Statement						
Revenue	**1,157.7**	100.0%	**962.6**	100.0%	195.1	20.3%
Cost of sales	(948.9)	(82.0)%	(732.0)	(76.0)%	216.9	29.6%
Gross profit	**208.8**	18.0%	**230.6**	24.0%	(21.8)	(9.5)%
Other income	14.6	1.3%	53.9	5.6%	(39.3)	(72.9)%
Selling, marketing and distribution expenses	(36.9)	(3.2)%	(36.2)	(3.8)%	0.7	1.9%
General and administration expenses	(60.0)	(5.2)%	(56.2)	(5.8)%	3.8	6.8%
Other expenses	(28.3)	(2.4)%	(16.7)	(1.7)%	11.6	69.5%
Share of profit of associates and joint ventures, net of income tax (equity method)	3.9	0.3%	1.6	0.2%	2.3	143.8%
Profit (loss) from operating activities	**102.1**	8.8%	**177.0**	18.4%	(74.9)	(42.3)%
Financial income	3.2	0.3%	4.0	0.4%	(0.8)	(20.0)%
Financial expenses	(169.8)	(14.7)%	(108.6)	(11.3)%	61.2	56.4%
Net financial expenses	**(166.6)**	(14.4)%	**(104.6)**	(10.9)%	62.0	59.3%
Profit (loss) before income tax	**(64.5)**	(5.6)%	**72.4**	7.5%	(136.9)	(189.1)%
Income tax benefit (expense)	0.6	0.1%	(28.5)	(3.0)%	29.1	(102.1)%
Profit (loss) for the period	**(63.9)**	(5.5)%	**43.9**	4.6%	(107.8)	(245.6)%
Depreciation of property, plant and equipment and amortization of intangible assets	80.2	6.9%	79.8	8.3%	0.4	0.5%
RGHL Group EBITDA	182.3	15.7%	256.8	26.7%	(74.5)	(29.0)%
RGHL Group Adjusted EBITDA	206.6	17.8%	193.7	20.1%	12.3	6.4%

Revenue increased by €195.1 million or 20.3% to €1,157.7 million for the three months ended June 30, 2010 compared to €962.6 million for the three months ended June 30, 2009, reflecting growth across all of our segments and the favorable impact of foreign currency fluctuations of €69 million (€8 million at our SIG segment, €21 million at our Evergreen segment, €16 million at our Reynolds Consumer segment and €24 million at our Closures segment).

Cost of sales increased by €216.9 million or 29.6% to €948.9 million (82.0% of revenue) for the three months ended June 30, 2010 compared to €732.0 million (76.0% of revenue) for the three months ended June 30, 2009. Increases in cost of sales as a percentage of revenues at our SIG, Evergreen and Closures segments for the three months ended June 30, 2010 were partially offset by a decrease in cost of sales as a percentage of revenue at our Reynolds Consumer segment. For the three months ended June 30, 2009, cost of sales included the impact of a one-time benefit of €69.0 million relating to Black Liquor Credits within our Evergreen segment which was partially offset by a €29.4 million expense within our Reynolds Consumer segment resulting from the settlement of unfavorable aluminum hedge positions under the segment's historical hedging policy, which was terminated during the three months ended September 30, 2009. In addition, raw material and other input costs increased in the three months ended June 30, 2010 compared to the three months ended June 30, 2009 and were impacted in the three months ended June 30, 2010 by unfavorable foreign currency rate fluctuations of €53 million (€1 million at our SIG segment, €18 million at our Evergreen segment, €14 million at our Reynolds Consumer segment and €20 million at our Closures segment). As a result of the factors described above, the gross profit margin decreased to 18.0% of revenue for the three months ended June 30, 2010 compared to 24.0% of revenue for the three months ended June 30, 2009.

Selling, marketing and distribution expenses of €36.9 million for the three months ended June 30, 2010 were relatively flat compared to the three months ended June 30, 2009. General and administration expenses increased by €3.8 million or 6.8% to €60.0 million for the three months ended June 30, 2010 compared to €56.2 million for the three months ended June 30, 2009. This increase was primarily due to higher costs related to an increase in the number of employees in our Evergreen segment and higher amortization costs at our Closures segment.

Net other income and other expenses decreased by €50.9 million or 136.8% to a net expense of €13.7 million for the three months ended June 30, 2010 compared to net other income of €37.2 million for the three months ended June 30, 2009. The decrease in net other income and other expenses was largely driven by the decrease in unrealized gains of €46.2 million on open aluminum hedge positions within our Reynolds Consumer segment for the three months ended June 30, 2010.

The increase in share of profits of associates and joint ventures of €2.3 million for the three months ended June 30, 2010 was primarily due to growth of our Obeikan joint venture operations within our SIG segment.

As a result of the above factors, profit from operating activities decreased by €74.9 million or 42.3% to €102.1 million for the three months ended June 30, 2010 compared to €177.0 million for the three months ended June 30, 2009.

Financial expenses increased by €61.2 million or 56.4% to €169.8 million for the three months ended June 30, 2010 compared to €108.6 million for the three months ended June 30, 2009. The increase was primarily attributable to an increase in interest expense and amortization of debt issuance costs, as well as an increase in foreign exchange losses. Foreign exchange movements occur with respect to borrowings denominated in currencies other than that of the borrowing entity. Foreign exchange losses increased by €13.3 million for the three months ended June 30, 2010, reflecting the overall strengthening of the dollar compared to the euro. Interest expense and amortization of debt issue costs increased by €29.0 million for the three months ended June 30, 2010 due to an overall increase in our borrowings. Our total borrowings as of June 30, 2010 were €4,676.5 million compared to total borrowings of €3,448.5 million as of December 31, 2009. During November 2009 and May 2010, we completed significant refinancings associated with the Acquisition and Evergreen Acquisition, respectively. The timing of these refinancings results in the historical interest expense not being representative of our interest expense in future periods. Refer to "Key Factors Influencing our Financial Condition and Results of Operations—Acquisitions, Substantial Leverage and Other Transaction-Related Effects." For more information regarding our external borrowings and financial expenses, refer to notes 15 and 10 of our interim unaudited condensed financial statements included elsewhere in this quarterly report.

For the three months ended June 30, 2010, the income tax benefit of €0.6 million on a loss before income tax of €64.5 million was largely due to the inability of certain subsidiaries to claim deductions for certain expense items, such as interest due to local jurisdictional limitations.

EBITDA and Adjusted EBITDA for the three months ended June 30, 2010 were €182.3 million and €206.6 million, respectively, compared to €256.8 million and €193.7 million, respectively, for the three months ended June 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the three months ended June 30, 2010 and June 30, 2009 for the RGHL Group is as follows:

(In €million)	**For the three months ended June 30,**	
	2010	**2009**
Profit from operating activities	**102.1**	**177.0**
Depreciation and amortization	80.2	79.8
EBITDA	**182.3**	**256.8**
***Included in the RGHL Group EBITDA*:**		
Unrealized losses / (gains) on derivatives	12.9	(42.2)
Non-recoverable VAT and import taxes relating to historical imports	7.6	-
Costs related to business acquisitions	3.0	-
Business restructuring costs	2.9	9.0
Operational process engineering-related consultancy costs	1.7	1.3
Business interruption costs	0.9	-
Related party management fees	0.1	0.4
Black Liquor Credits	-	(69.0)
Elimination of the effect of historical hedging policy	-	29.4
Asset impairment charges	-	3.4
Plant realignment costs	-	1.1
Transition costs	-	4.6
(Gain) on sale of businesses	(1.7)	-
Equity method profit not distributed in cash	(3.1)	(1.1)
RGHL Group Adjusted EBITDA	**206.6**	**193.7**
SIG segment	98.2	90.5
Evergreen segment	31.6	24.4
Reynolds Consumer segment	41.3	47.8
Closures segment	37.0	31.4

SIG segment

(In €million, except for %)	For the three months ended June 30,					
	2010	% of segment revenue	2009	% of segment revenue	change	% change
Revenue	370.6	100.0%	318.9	100.0%	51.7	16.2%
Gross profit	85.3	23.0%	78.9	24.7%	6.4	8.1%
Profit from operating activities	45.0	12.1%	38.4	12.0%	6.6	17.2%
SIG segment EBITDA	89.8	24.2%	82.8	26.0%	7.0	8.5%
SIG segment Adjusted EBITDA	98.2	26.5%	90.5	28.4%	7.7	8.5%

Revenue increased by €51.7 million or 16.2% to €370.6 million for the three months ended June 30, 2010 compared to €318.9 million for the three months ended June 30, 2009. This increase was largely attributable to a €35.0 million increase in revenue from sleeve sales, as well as €15.5 million of incremental revenue from the acquisition of the Whakatane Paper Mill business in May 2010 and a favorable foreign currency impact of €8 million.

Sleeve sales: Revenue from sleeve sales increased by €35.0 million or 11.9% to €327.7 million for the three months ended June 30, 2010 compared to €292.9 million for the three months ended June 30, 2009. This increase was primarily attributable to growth in the Asia Pacific North, South American, Middle Eastern and South European markets as well as favorable exchange rate movements for sales which were denominated in currencies other than euro.

Europe: Revenue from sleeve sales in Europe were relatively flat at €199.0 million for the three months ended June 30, 2010 compared to €197.7 million for the three months ended June 30, 2009. Growth from the Southern European markets and Russia for the three months ended June 30, 2009 was offset by lower sleeve sales in the Western European markets.

Rest of the World: Revenue from sleeve sales in the rest of the world markets increased by €33.7 million or 35.4% to €128.9 million for the three months ended June 30, 2010 compared to €95.2 million for the three months ended June 30, 2009. The regions which experienced growth were Asia Pacific North (primarily due to the recovery of consumer confidence in milk products in China following the melamine contamination of dairy products that occurred in 2008), the Middle East (primarily due to increases in the filler bases) and South America (primarily due to increases in the customer and filler bases). This growth also reflected favorable exchange rate movements of €8.2 million for sales which were denominated in currencies other than the euro.

Filling machine sales: Revenue from filling machine sales increased by €1.2 million or 4.6% to €27.2 million for the three months ended June 30, 2010 compared to €26.0 million for the three months ended June 30, 2009. The increase in sales was primarily due to a shift in the customers' preference of the three existing methods of acquiring filling machines – sale, lease or sale, and lease from a third party.

Gross profit increased by €6.4 million or 8.1% to €85.3 million for the three months ended June 30, 2010 compared to €78.9 million for the three months ended June 30, 2009, with the gross profit margin for the three months ended June 30, 2010 decreasing to 23.0% of the segment's revenue compared to 24.7% for the three months ended June 30, 2009. The decrease in the gross profit margin for the period was largely due to the increase in raw material prices.

Selling, marketing and distribution expenses and general and administration expenses remained relatively constant at €40.8 million for the three months ended June 30, 2010 compared to €40.4 million for the three months ended June 30, 2009.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the three months ended June 30, 2010 were €45.0 million, €89.8 million and €98.2 million, respectively, compared to €38.4 million, €82.8 million and €90.5 million, respectively, for the three months ended June 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the three months ended June 30, 2010 and June 30, 2009 for our SIG segment is as follows:

(In €million)	**For the three months ended June 30,**	
	2010	**2009**
Profit from operating activities	**45.0**	**38.4**
Depreciation and amortization	44.8	44.4
EBITDA	**89.8**	**82.8**
Included in SIG segment EBITDA:		
Non-recoverable VAT and customs duties relating to historical imports	7.6	0.0
Business restructuring costs	3.1	8.3
Unrealized losses/(gains) on derivatives	0.3	(3.2)
Asset impairment charges	-	3.2
Equity method profit not distributed in cash	(2.6)	(0.6)
SIG segment Adjusted EBITDA	**98.2**	**90.5**

Evergreen segment

	For the three months ended June 30,					
(In €million, except for %)	**2010**	**% of segment revenue**	**2009**	**% of segment revenue**	**change**	**% change**
Revenue	315.3	100.0%	245.2	100.0%	70.1	28.6%
Gross profit	31.3	9.9%	93.8	38.3%	(62.5)	(66.6)%
Profit from operating activities	20.7	6.6%	80.8	33.0%	(60.1)	(74.4)%
Evergreen segment EBITDA	32.5	10.3%	92.2	37.6%	(59.7)	(64.8)%
Evergreen segment Adjusted EBITDA	31.6	10.0%	24.4	10.0%	7.2	29.5%

Revenue increased by €70.1 million or 28.6% to €315.3 million for the three months ended June 30, 2010 compared to €245.2 million for the three months ended June 30, 2009. This increase was primarily attributable to: an increase in sales of UFS due to a combination of higher volume and higher prices for envelopes and other commercial paper products, as the markets recover from the economic slowdown experienced in the three months ended June 30, 2009; an increase in sales of coated groundwood as higher sales volumes were partially offset by lower prices due to continued inventory discounting in the market; an increase in sales of external liquid packaging board; lower volumes and higher prices on cartons; and a favorable foreign currency impact of €21 million.

Gross profit decreased by €62.5 million or 66.6% to €31.3 million for the three months ended June 30, 2010 compared to €93.8 million for the three months ended June 30, 2009, with the gross profit margin for the three months ended June 30, 2010 decreasing to 9.9% of the segment's revenue compared to 38.3% for the three months ended June 30, 2009. This decrease was largely due to the one time impact during the three months ended June 30, 2009 of Black Liquor Credits of €69.0 million. In addition, this decrease was driven by increases in raw material and other input costs in the three months ended June 30, 2010 compared to the three months ended June 30, 2009,

which were partially offset by favorable manufacturing operations at the mills and converting facilities due to strong productivity and cost savings initiatives.

Selling, marketing and distribution expenses and general and administration expenses increased by €1.5 million or 9.7% to €16.9 million for the three months ended June 30, 2010 compared to €15.4 million for the three months ended June 30, 2009, largely due to higher costs related to an increase in the number of employees, as vacant positions were filled.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the three months ended June 30, 2010 were €20.7 million, €32.5 million and €31.6 million, respectively, compared to €80.8 million, €92.2 million and €24.4 million, respectively, for the three months ended June 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the three months ended June 30, 2010 and June 30, 2009 for our Evergreen segment is as follows:

(In €million)	For the three months ended June 30,	
	2010	2009
Profit from operating activities	**20.7**	**80.8**
Depreciation and amortization	11.8	11.4
EBITDA	**32.5**	**92.2**
Included in Evergreen segment EBITDA:		
Operational process engineering-related consultancy costs	0.9	1.3
Business acquisition costs	0.5	-
Related party management fees	0.2	0.4
Unrealized gains on derivatives	(0.4)	-
Final adjustment on sale of business	(1.6)	-
Equity method profit not distributed in cash	(0.5)	(0.5)
Black Liquor Credits	-	(69.0)
Evergreen segment Adjusted EBITDA	**31.6**	**24.4**

Reynolds Consumer segment

(In €million, except for %)	For the three months ended June 30, 2010	% of segment revenue	2009	% of segment revenue	change	% change
Revenue	228.3	100.0%	208.6	100.0%	19.7	9.4%
Gross profit	52.9	23.2%	23.7	11.4%	29.2	123.2%
Profit from operating activities	20.8	9.1%	36.2	17.4%	(15.4)	(42.5)%
Reynolds Consumer segment EBITDA	29.9	13.1%	47.7	22.9%	(17.8)	(37.3)%
Reynolds Consumer segment Adjusted EBITDA	41.3	18.1%	47.8	22.9%	(6.5)	(13.6)%

Revenue increased by €19.7 million or 9.4% to €228.3 million for the three months ended June 30, 2010 compared to €208.6 million for the three months ended June 30, 2009.

Reynolds Branded Revenue: Revenue increased by €9.3 million or 7.1% to €141.2 million for the three months ended June 30, 2010 compared to €131.9 million for the three months ended June 30, 2009. Favorable foreign currency fluctuations of €9 million as well as an increase in our sales volume for the three months ended June 30, 2010 were partially offset by revenue declines attributable to the planned exit from certain low margin or unprofitable product lines and increased promotional spending.

Reynolds Store-Branded Revenue: Revenue increased by €10.4 million or 13.6% to €87.1 million for the three months ended June 30, 2010 compared to €76.7 million for the three months ended June 30, 2009, reflecting favorable foreign currency fluctuations of €7 million as well as increases in our sales volumes and improved pricing due to the flow-through of resin price increases to our customers.

Gross profit increased by €29.2 million or 123.2% to €52.9 million for the three months ended June 30, 2010 compared to €23.7 million for the three months ended June 30, 2009, with the gross profit margin for the three months ended June 30, 2010 increasing to 23.2% of the segment's revenue compared to 11.4% for the three months ended June 30, 2009. The increase in gross profit and the gross profit margin for the three months ended June 30, 2010 was largely due to the realized loss of €29.4 million recognized during the three months ended June 30, 2009 relating to the settlement of unfavorable aluminum hedge positions under the segment's historical hedging policy, which has since been terminated. In addition, raw material costs increased during the three months ended June 30, 2010 compared to the three months ended June 30, 2009.

Selling, marketing and distribution expenses and general and administration expenses were relatively stable at €21.0 million for the three months ended June 30, 2010 compared to €21.4 million for the three months ended June 30, 2009.

The results of operations for the three months ended June 30, 2010 also included a decrease of €46.2 million in unrealized gains on open aluminum hedge positions recognized in net other income.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the three months ended June 30, 2010 were €20.8 million, €29.9 million and €41.3 million, respectively, compared to €36.2 million, €47.7 million and €47.8 million, respectively, for the three months ended June 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the three months ended June 30, 2010 and June 30, 2009 for our Reynolds Consumer segment is as follows:

(In €million)	For the three months ended June 30,	
	2010	2009
Profit from operating activities	**20.8**	**36.2**
Depreciation and amortization	9.1	11.5
EBITDA	**29.9**	**47.7**
Included in Reynolds Consumer segment EBITDA:		
Unrealized losses/(gains) on derivatives	11.3	(34.9)
Operational process engineering-related consultancy costs	0.8	-
Elimination of the effect of historical hedging policy	-	29.4
Transition costs	-	4.6
Plant realignment costs	-	1.1
Asset impairment charges	-	0.2
Business restructuring costs	(0.6)	(0.3)
Gain on sale of businesses	(0.1)	-
Reynolds Consumer segment Adjusted EBITDA	**41.3**	**47.8**

Closures segment

(In €million, except for %)	For the three months ended June 30, 2010	% of segment revenue	2009	% of segment revenue	change	% change
Revenue	243.5	100.0%	189.9	100.0%	53.6	28.2%
Gross profit	39.3	16.1%	34.2	18.0%	5.1	14.9%
Profit from operating activities	18.5	7.6%	22.0	11.6%	(3.5)	(15.9)%
Closures segment EBITDA	33.1	13.6%	34.5	18.2%	(1.4)	(4.1)%
Closures segment Adjusted EBITDA	37.0	15.2%	31.4	16.5%	5.6	17.8%

Revenue increased by €53.6 million or 28.2% to €243.5 million for the three months ended June 30, 2010 compared to €189.9 million for the three months ended June 30, 2009. This increase was primarily attributable to higher sales volumes and improved pricing due to the flow-through of resin price increases to our customers, the impact of €11.6 million of the acquisition of Obrist Americas, Inc., which was subsequently renamed Closure Systems International Americas, Inc. ("CSI Americas"), and the favorable impact from foreign currency fluctuations of €24 million. The increase in sales volume resulted from overall market growth as well as the opening of new plants in Asia.

North America: Revenue in North America increased by €29.3 million or 40.4% to €101.8 million for the three months ended June 30, 2010 compared to €72.5 million for the three months ended June 30, 2009. This increase was primarily attributable to higher sales revenue from the acquisition of CSI Americas, improved pricing due to the flow-through of resin price increases and the favorable impact of foreign currency fluctuations of €9 million.

Rest of the World: Revenue in the rest of the world markets increased by €24.3 million or 21.6% to €141.7 million for the three months ended June 30, 2010 compared to €117.4 million for the three months ended June 30, 2009. This increase was primarily due to higher volumes as well as the favorable impact of foreign currency fluctuations of €15 million.

Gross profit increased by €5.1 million or 14.9% to €39.3 million for the three months ended June 30, 2010 compared to €34.2 million for the three months ended June 30, 2009, with the gross profit margin for the three months ended June 30, 2010 decreasing to 16.1% of the segment's revenue compared to 18.0% for the three months ended June 30, 2009. The decrease in the gross profit margin for the three months ended June 30, 2010 reflected higher raw material costs primarily related to resin prices and the impact of unfavorable foreign currency fluctuations.

Selling, marketing and distribution expenses and general and administration expenses increased by €1.6 million to €17.2 million for the three months ended June 30, 2010 compared to €15.6 million for the three months ended June 30, 2009, largely due to higher amortization expense resulting from the implementation of software within the segment's international operations in the six months ended December 31, 2009. The results of operations for the three months ended June 30, 2010 also included an increase in unrealized losses of €5.8 million on resin derivatives and an expense of €0.9 million resulting from the February 2010 earthquake in Chile.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the three months ended June 30, 2010 were €18.5 million, €33.1 million and €37.0 million, respectively, compared to €22.0 million, €34.5 million and €31.4 million, respectively, for the three months ended June 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the three months ended June 30, 2010 and June 30, 2009 for our Closures segment is as follows:

(In €million)	For the three months ended June 30,	
	2010	**2009**
Profit from operating activities	**18.5**	**22.0**
Depreciation and amortization	14.6	12.5
EBITDA	**33.1**	**34.5**
Included in Closures segment EBITDA:		
Business interruption costs	0.9	-
Unrealized losses/(gains) on derivatives	1.7	(4.1)
Business acquisitions costs	0.9	-
Business restructuring costs	0.4	1.0
Closures segment Adjusted EBITDA	**37.0**	**31.4**

Six Months Ended June 30, 2010 compared with the Six Months Ended June 30, 2009

(In €million, except for %)	**Reynolds Group Holdings Limited (unaudited)** For the six months ended June 30,					
	2010	**% of revenue**	**2009**	**% of revenue**	**change**	**% change**
Income Statement						
Revenue	**2,104.5**	100.0%	**1,908.7**	100.0%	195.8	10.3%
Cost of sales	(1,726.2)	(82.0)%	(1,538.4)	(80.6)%	187.8	12.2%
Gross profit	**378.3**	18.0%	**370.3**	19.4%	8.0	2.2%
Other income	26.5	1.3%	80.1	4.2%	(53.6)	(66.9)%
Selling, marketing and distribution expenses	(67.3)	(3.2)%	(68.7)	(3.6)%	(1.4)	(2.0)%
General and administration expenses	(124.4)	(5.9)%	(119.3)	(6.3)%	5.1	4.3%
Other expenses	(37.5)	(1.8)%	(24.4)	(1.3)%	13.1	53.7%
Share of profit of associates and joint ventures, net of income tax (equity method)	7.1	0.3%	3.6	0.2%	3.5	97.2%
Profit (loss) from operating activities	**182.7**	8.7%	**241.6**	12.7%	(58.9)	(24.4)%
Financial income	6.4	0.3%	6.0	0.3%	0.4	6.7%
Financial expenses	(270.8)	(12.9)%	(164.6)	(8.6)%	106.2	64.5%
Net financial expenses	**(264.4)**	(12.6)%	**(158.6)**	(8.3)%	105.8	66.7%
Profit (loss) before income tax	**(81.7)**	(3.9)%	**83.0**	4.3%	(164.7)	(198.4)%
Income tax benefit (expense)	(21.6)	(1.0)%	(47.8)	(2.5)%	(26.2)	(54.8)%
Profit (loss) for the period	**(103.3)**	(4.9)%	**35.2**	1.8%	(138.5)	(393.5)%
Depreciation of property, plant and equipment and amortization of intangible assets	160.2	7.6%	162.0	8.5%	(1.8)	(1.1)%
RGHL Group EBITDA	342.9	16.3%	403.6	21.1%	(60.7)	(15.0)%
RGHL Group Adjusted EBITDA	372.1	17.7%	357.6	18.7%	14.5	4.1%

Revenue increased by €195.8 million or 10.3% to €2,104.5 million for the six months ended June 30, 2010 compared to €1,908.7 million for the six months ended June 30, 2009. The increase in revenue for the six months ended June 30, 2010 was driven by growth in our SIG, Evergreen and Closures segments resulting from both favorable sales volume and price increases combined with the favorable impact from foreign currency fluctuations of €34 million (€6 million at our SIG segment, €2 million at our Evergreen segment, €3 million at our Reynolds Consumer segment and €23 million at our Closures segment).

Cost of sales for the six months ended June 30, 2010 increased by €187.8 million or 12.2% to €1,726.2 million for the six months ended June 30, 2010 compared to €1,538.4 million for the six months ended June 30, 2009. Increases in cost of sales as a percentage of revenues within each of our Evergreen and Closures segments for the six months ended June 30, 2010 were partially offset by decreases in each of our SIG and Reynolds Consumer segments. For the six months ended June 30, 2009, cost of sales included a one-time benefit of €69.0 million relating to Black Liquor Credits within our Evergreen segment which was partially offset by a €51.5 million expense within our Reynolds Consumer segment resulting from the settlement of unfavorable historical aluminum hedge positions under the segment's historical hedging policy, which was terminated during the three months ended September 30, 2009. As a result of the factors described above, the gross profit margin decreased to 18.0% of revenue for the six months ended June 30, 2010 compared to 19.4% of revenue for the six months ended June 30, 2009.

Selling, marketing and distribution expenses were stable at €67.3 million for the six months ended June 30, 2010 compared to €68.7 million for the six months ended June 30, 2009. General and administration expenses increased by €5.1 million or 4.3% to €124.4 million for the six months ended June 30, 2010 compared to €119.3 million for the six months ended June 30, 2009. This increase was primarily driven by higher amortization costs at our Closures segment.

Net other income and other expenses decreased by €66.7 million to a net expense position of €11.0 million for the six months ended June 30, 2010 compared to a net income position of €55.7 million for the six months ended June 30, 2009. This decrease in net other income and other expenses was largely driven by the decrease in unrealized gains of €57.0 million on open aluminum hedge positions within our Reynolds Consumer segment, and increases in unrealized losses of €7.4 million on resin derivatives.

The increase in the share of profits of associates and joint ventures of €3.5 million for the six months ended June 30, 2010 was primarily due to growth of our Obeikan joint venture operations within our SIG segment.

As a result of the above factors, profit from operating activities decreased by €58.9 million or 24.4% to €182.7 million for the six months ended June 30, 2010 compared to €241.6 million for the six months ended June 30, 2009.

Financial expenses increased by €106.2 million or 64.5% to €270.8 million for the six months ended June 30, 2010 compared to €164.6 million for the six months ended June 30, 2009. The increase was primarily attributable to an increase in foreign exchange losses and interest expense in the six months ended June 30, 2010. Foreign exchange movements occur with respect to borrowings denominated in currencies other than that of the borrowing entity. Foreign exchange losses increased by €62.4 million in the six months ended June 30, 2010, which reflected the overall strengthening of the dollar compared to the euro. Interest expense increased by €33.8 million for the six months ended June 30, 2010 due to an our overall increase in our borrowings. Our total borrowings as of June 30, 2010 were €4,676.5 million compared to total borrowings of €3,448.5 million as of December 31, 2009. During November 2009 and May 2010, we completed significant refinancings associated with the Acquisition and Evergreen Acquisition, respectively. The timing of these refinancings resulted in the historical interest expense not being representative of our interest expense in future periods. Refer to "Key Factors Influencing our Financial Condition and Results of Operations—Acquisitions, Substantial Leverage and Other Transaction-Related Effects". For more information regarding our external borrowings and financial expenses, refer to notes 15 and 10 of our interim unaudited condensed financial statements included elsewhere in this quarterly report.

For the six months ended June 30, 2010, the income tax expense of €21.6 million on a loss before income tax of €81.7 million was largely due to the inability of certain subsidiaries to claim deductions for certain expense items, such as interest due to local jurisdictional limitations. For a reconciliation of pre-tax profit (loss) to tax expense, refer to note 11 of our interim unaudited condensed financial statements included elsewhere in this quarterly report.

EBITDA and Adjusted EBITDA for the six months ended June 30, 2010 were €342.9 million and €372.1 million, respectively compared to €403.6 million and €357.6 million, respectively, for the six months ended June 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the six months ended June 30, 2010 and June 30, 2009 for the RGHL Group is as follows:

(In €million)	**For the six months ended June 30,**	
	2010	**2009**
Profit from operating activities	**182.7**	**241.6**
Depreciation and amortization	160.2	162.0
EBITDA	**342.9**	**403.6**
***Included in RGHL Group EBITDA*:**		
Unrealized losses/(gains) on derivatives	12.9	(54.5)
Non-recoverable VAT and customs duties relating to historical imports	7.6	-
Operational process engineering-related consultancy costs	6.2	1.8
Business restructuring costs	4.2	13.8
Business acquisition costs	3.5	-
Business interruption costs	1.5	-
Related party management fees	0.6	0.9
Black Liquor Credit	-	(69.0)
Elimination of the effect of historical hedging policy	-	51.5
Asset impairment charges	-	3.4
Plant realignment costs	-	1.4
Transition costs	-	7.8
(Gain) on sale of businesses	(1.7)	-
Equity method profit not distributed in cash	(5.6)	(3.1)
RGHL Group Adjusted EBITDA	**372.1**	**357.6**
SIG segment	179.9	155.6
Evergreen segment	54.7	58.0
Reynolds Consumer segment	79.2	85.6
Closures segment	60.2	58.4

SIG segment

(In €million, except for %)	For the six months ended June 30,					
	2010	% of segment revenue	2009	% of segment revenue	change	% change
Revenue	684.1	100.0%	609.3	100.0%	74.8	12.3%
Gross profit	160.9	23.5%	134.4	22.1%	26.5	19.7%
Profit from operating activities	83.6	12.2%	57.8	9.5%	25.8	44.6%
SIG segment EBITDA	171.7	25.1%	147.2	24.2%	24.5	16.6%
SIG segment Adjusted EBITDA	179.9	26.3%	155.6	25.5%	24.3	15.6%

Revenue increased by €74.8 million or 12.3% to €684.1 million for the six months ended June 30, 2010 compared to €609.3 million for the six months ended June 30, 2009. This increase was largely attributable to a €54.8 million increase in revenue from sleeve sales, as well as a €15.5 million of incremental revenue from the acquisition of the Whakatane Paper Mill business in May 2010 and a favorable foreign currency impact of €6 million.

Sleeve sales: Revenue from sleeve sales increased by €54.8 million or 9.8% to €614.1 million for the six months ended June 30, 2010 compared to €559.3 million for the six months ended June 30, 2009. This increase was primarily attributable to growth in the Asia Pacific North, South American, Middle Eastern and Southern European markets as well as exchange rate movements for sales which were denominated in currencies other than euro.

Europe: Revenue from sleeve sales in Europe was relatively flat at €389.2 million for the six months ended June 30, 2010 compared to €386.8 million for the six months ended June 30, 2009. The growth from the Southern European and Eastern European markets during the six months ended June 30, 2010 was more than offset by decreases in the Western European markets, reflecting the expected substitution of carton board by polyethylene terephthalate ("PET") in the juice market.

Rest of the World: Revenue from sleeves sales in the rest of the world markets increased by €52.4 million or 30.4% to €224.9 million in the six months ended June 30, 2010 compared to €172.5 million for the six months ended June 30, 2009. The regions which experienced growth were Asia Pacific North (primarily due to the recovery of consumer confidence in milk products in China following the melamine contamination of dairy products that occurred in 2008), South America (primarily due to increases in the customer and filler bases) and the Middle East (primarily due to a significant increase in filler base).

Filling machine sales: Revenue from filling machine sales increased by €4.5 million or 9.0% to €54.5 million for the six months ended June 30, 2010 compared to €50.0 million for the six months ended June 30, 2009. The increase in sales was primarily due to a shift in our customers' preference of the three existing methods of acquiring filling machines – sale, lease or sale, and lease from a third party.

Gross profit increased by €26.5 million or 19.7% to €160.9 million for the six months ended June 30, 2010 compared to €134.4 million for the six months ended June 30, 2009, with gross profit margin for the six months ended June 30, 2010 increasing to 23.5% of the segment's revenue compared to 22.1% for the six months ended June 30, 2009. The increase in the gross profit and gross profit margin for the six months ended June 30, 2010 was largely due to revenue increases as well as the benefit from reductions in fixed costs that were partially offset by increases in raw material pricing.

Selling, marketing and distribution expenses and general and administration expenses remained stable at €84.3 million for the six months ended June 30, 2010 compared to €83.6 million for the six months ended June 30, 2009.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the six months ended June 30, 2010 were €83.6 million, €171.7 million and €179.9 million, respectively, compared to €57.8 million, €147.2 million and €155.6 million, respectively, for the six months ended June 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the six months ended June 30, 2010 and June 30, 2009 for our SIG segment is as follows:

(In €million)	**For the six months ended June 30,**	
	2010	**2009**
Profit from operating activities	**83.6**	**57.8**
Depreciation and amortization	88.1	89.4
EBITDA	**171.7**	**147.2**
Included in SIG segment EBITDA:		
Non-recoverable VAT and customs duties relating to historical imports	7.6	-
Business restructuring costs	5.2	9.5
Unrealized losses/(gains) on derivatives	0.3	(2.2)
Asset impairment charges	-	3.2
Equity method profit not distributed in cash	(4.9)	(2.1)
SIG segment Adjusted EBITDA	**179.9**	**155.6**

Evergreen segment

	For the six months ended June 30,					
(In €million, except for %)	**2010**	**% of segment revenue**	**2009**	**% of segment revenue**	**change**	**% change**
Revenues	577.5	100.0%	516.2	100.0%	61.3	11.9%
Gross profit	54.4	9.4%	129.0	25.0%	(74.6)	(57.8)%
Profit from operating activities	30.6	5.3%	102.3	19.8%	(71.7)	(70.1)%
Evergreen segment EBITDA	53.4	9.2%	125.3	24.3%	(71.9)	(57.4)%
Evergreen segment Adjusted EBITDA	54.7	9.5%	58.0	11.2%	(3.3)	(5.7)%

Revenue increased by €61.3 million or 11.9% to €577.5 million for the six months ended June 30, 2010 compared to €516.2 million for the six months ended June 30, 2009. The increase was primarily attributable to: an increase in sales of UFS due to a combination of higher prices and demand for envelopes and other commercial paper products, as the markets recover from the economic slowdown experienced in the six months ended June 30, 2009; an increase in sales of coated groundwood as higher volumes were partially offset by lower prices due to continued inventory discounting in the market; an increase in sales of external liquid packaging board as stronger sales volumes were partially offset by lower prices caused by index pricing on a quarterly lag; lower volumes and higher prices on cartons; and a favorable foreign currency impact of €2 million.

Gross profit decreased by €74.6 million or 57.8% to €54.4 million for the six months ended June 30, 2010 compared to €129.0 million for the six months ended June 30, 2009, with the gross profit margin for the six months ended June 30, 2010 decreasing to 9.4% of the segment's revenue compared to 25.0% for the six months ended June 30, 2009. This decrease was largely due to the one-time impact during the six months ended June 30, 2009 of Black Liquor Credits of €69.0 million. In addition, this decrease was driven by increases in raw material and other input costs as well as a lag in the pass-through of these costs in the six months ended June 30, 2010, which were partially

offset by favorable manufacturing operations at the mills and converting facilities due to strong productivity and cost savings initiatives.

Selling, marketing and distribution expenses and general and administration expenses increased by €1.3 million to €32.6 million for the six months ended June 30, 2010 compared to €31.3 million for the six months ended June 30, 2009, largely due to higher costs related to an increase in the number of employees, as vacant positions were filled.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the six months ended June 30, 2010 were €30.6 million, €53.4 million and €54.7 million, respectively, compared to €102.3 million, €125.3 million and €58.0 million, respectively, for the six months ended June 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the six months ended June 30, 2010 and June 30, 2009 for our Evergreen segment is as follows:

(In €million)	**For the six months ended June 30,**	
	2010	**2009**
Profit from operating activities	**30.6**	**102.3**
Depreciation and amortization	22.8	23.0
EBITDA	**53.4**	**125.3**
Included in Evergreen segment EBITDA:		
Operational process engineering-related consultancy costs	1.6	1.8
Business acquisition costs	0.9	-
Related party management fees	0.6	0.9
Unrealized losses on derivatives	0.5	-
Final adjustment on sale of business	(1.6)	-
Equity method profit not distributed in cash	(0.7)	(1.0)
Black Liquor Credits	-	(69.0)
Evergreen segment Adjusted EBITDA	**54.7**	**58.0**

Reynolds Consumer segment

	For the six months ended June 30,					
(In €million, except for %)	**2010**	**% of segment revenue**	**2009**	**% of segment revenue**	**change**	**% change**
Revenue	415.3	100.0%	421.5	100.0%	(6.2)	(1.5)%
Gross profit	98.4	23.7%	45.7	10.8%	52.7	115.3%
Profit from operating activities	45.7	11.0%	44.1	10.5%	1.6	3.6%
Reynolds Consumer segment EBITDA	65.1	15.7%	67.8	16.1%	(2.7)	(4.0)%
Reynolds Consumer segment Adjusted EBITDA	79.2	19.1%	85.6	20.3%	(6.4)	(7.5)%

Revenue decreased by €6.2 million or 1.5% to €415.3 million for the six months ended June 30, 2010 compared to €421.5 million for the six months ended June 30, 2009.

Reynolds Branded Revenue: Revenue decreased by €9.5 million or 3.6% to €255.2 million for the six months ended June 30, 2010 compared to €264.7 million for the six months ended June 30, 2009. This decrease was primarily due to increases in promotional spending and the planned exit from certain low margin or unprofitable product lines in the second half of 2009, partially offset by increased sales volume and €2 million from favorable foreign currency fluctuations.

Reynolds Store-Branded Revenue: Revenue increased by €3.3 million or 2.1% to €160.1 million for the six months ended June 30, 2010 compared to €156.8 million for the six months ended June 30, 2009. The increase was attributable to higher selling prices due to the flow-through of resin price increases to our customers and a favorable impact of €1 million from foreign currency fluctuations.

Gross profit increased by €52.7 million or 115.3% to €98.4 million for the six months ended June 30, 2010 compared to €45.7 million for the six months ended June 30, 2009, with the gross profit margin for the six months ended June 30, 2010 increasing to 23.7% of the segment's revenue compared to 10.8% for the six months ended June 30, 2009. The increase in gross profit and gross profit margin for the six months ended June 30, 2010 was largely due to the realized loss of €51.5 million recognized during the six months ended June 30, 2009 related to the settlement of unfavorable aluminum hedge positions under the segment's historical hedging policy, which has since been terminated.

Selling, marketing and distribution expenses and general and administration expenses decreased by €4.8 million to €38.8 million for the six months ended June 30, 2010 compared to €43.6 million for the six months ended June 30, 2009, largely due to reductions in advertisement spending as well as benefits from cost control initiatives implemented during the six months ended June 30, 2010. The results of operations for the six months ended June 30, 2010 also included a decrease of €57.0 million in unrealized gains on open aluminum hedge positions recognized in net other income.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the six months ended June 30, 2010 were €45.7 million, €65.1 million and €79.2 million, respectively, compared to €44.1 million, €67.8 million and €85.6 million, respectively, for the six months ended June 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the six months ended June 30, 2010 and June 30, 2009 for our Reynolds Consumer segment is as follows:

(In €million)	**For the six months ended June 30,**	
	2010	**2009**
Profit from operating activities	**45.7**	**44.1**
Depreciation and amortization	19.4	23.7
EBITDA	**65.1**	**67.8**
Included in Reynolds Consumer segment EBITDA:		
Unrealized losses/(gains) on derivatives	11.0	(46.0)
Operational process engineering-related consultancy costs	4.6	-
Elimination of the effect of historical hedging policy	-	51.5
Transition costs	-	7.8
Plant realignment costs	-	1.4
Asset impairment charges	-	0.2
Business restructuring costs	(1.4)	2.9
(Gain) on sale of businesses	(0.1)	-
Reynolds Consumer segment Adjusted EBITDA	**79.2**	**85.6**

Closures segment

(In €million, except for %)	For the six months ended June 30, 2010	% of segment revenue	2009	% of segment revenue	change	% change
Revenue	427.6	100.0%	361.7	100.0%	65.9	18.2%
Gross profit	64.6	15.1%	61.2	16.9%	3.4	5.6%
Profit from operating activities	26.4	6.2%	37.4	10.3%	(11.0)	(29.4)%
Closure segment EBITDA	56.3	13.2%	63.3	17.5%	(7.0)	(11.1)%
Closure segment Adjusted EBITDA	60.2	14.1%	58.4	16.1%	1.8	3.1%

Revenue increased by €65.9 million or 18.2% to €427.6 million for the six months ended June 30, 2010 compared to €361.7 million for the six months ended June 30, 2009. This increase was principally attributable to higher sales volumes and improved pricing due to the flow-through of resin price increases to our customers, an impact of €17.3 million from the acquisition of CSI Americas and the favorable impact from foreign currency fluctuations of €23 million. The increase in sales volume resulted from overall market growth and the opening of new plants in Asia.

North America: Revenue in North America increased by €33.5 million or 24.1% to €172.5 million for the six months ended June 30, 2010 compared to €139.0 million for the six months ended June 30, 2009. This increase was primarily attributable to higher sales revenue from the acquisition of CSI Americas, improved pricing due to the flow-through of resin price increases and the favorable impact of foreign currency fluctuations of €6 million.

Rest of the World: Revenue in the rest of the world markets increased by €32.4 million or 14.5% to €255.1 million for the six months ended June 30, 2010 compared to €222.7 million for the six months ended June 30, 2009. This increase was primarily due to higher volumes as well as the favorable impact of foreign currency fluctuations of €17 million.

Gross profit increased by €3.4 million or 5.6% to €64.6 million for the six months ended June 30, 2010 compared to €61.2 million for the six months ended June 30, 2009, with the gross profit margin for the six months ended June 30, 2010 decreasing to 15.1% of the segment's revenue compared to 16.9% for the six months ended June 30, 2009. The decrease in the gross profit margin reflected higher raw material costs primarily related to resin prices and the impact of unfavorable foreign currency fluctuations.

Selling, marketing and distribution expenses and general and administration expenses increased by €5.1 million to €34.6 million for the six months ended June 30, 2010 compared to €29.5 million for the six months ended June 30, 2009, largely due to higher amortization expense resulting from the implementation of software in the six months ended December 31, 2009.

The results for the six months ended June 30, 2010 also included an increase in unrealized losses of €7.4 million on resin derivatives and an expense of €1.5 million resulting from the February 2010 earthquake in Chile.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the six months ended June 30, 2010 were €26.4 million, €56.3 million and €60.2 million, respectively, compared to €37.4 million, €63.3 million and €58.4 million, respectively for the six months ended June 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the six months ended June 30, 2010 and June 30, 2009 for our Closures segment is as follows:

(In €million)	For the six months ended June 30,	
	2010	**2009**
Profit from operating activities	**26.4**	**37.4**
Depreciation and amortization	29.9	25.9
EBITDA	**56.3**	**63.3**
Included in Closures segment EBITDA:		
Business interruption costs	1.5	-
Unrealized losses/(gains) on derivatives	1.1	(6.3)
Business acquisition costs	0.9	-
Business restructuring costs	0.4	1.4
Closures segment Adjusted EBITDA	**60.2**	**58.4**

Differences Between the RGHL Group and Beverage Packaging Holdings Group Results of Operations

There are certain differences between the RGHL Group interim unaudited condensed financial statements and the BevPack Group interim unaudited condensed financial statements, each included elsewhere in this quarterly report.

RGHL is a non-operating holding company. Consequently, there are no differences between the revenue and gross profit amounts presented in the RGHL Group interim unaudited condensed financial statements and the BevPack Group interim unaudited condensed financial statements. The differences in the reported profit (loss) before income tax between the RGHL Group interim unaudited condensed financial statements and the BevPack Group interim unaudited condensed financial statements are predominantly due to related party interest income and expenses that are recognized by RGHL, intercompany amounts between RGHL and the members of the BevPack Group that eliminate on consolidation of the RGHL Group, foreign exchange movements on the related party balances of RGHL and incidental RGHL corporate expenses.

Differences between the RGHL Group balance sheet and BevPack Group balance sheet are predominantly attributable to the related party receivables and borrowings of RGHL.

Liquidity and Capital Resources

Contractual Obligations

(in €million)	Payments due by period as of June 30, 2010			
	Total	Less than one year	One to five years	Greater than 5 years
Contractual obligations				
Trade creditors	712.8	709.5	3.3	-
Debt and interest[(1)]	7,411.0	450.6	2,325.0	4,635.4
Operating leases	76.4	20.7	43.1	12.6
Unconditional capital expenditure obligations	21.9	21.9	-	-
Total contractual cash obligations	**8,222.1**	**1,202.7**	**2,371.4**	**4,648.0**

(1) Total repayments of financial liabilities consist of the principal amounts, fixed and floating rate interest obligations and the cash flows associated with commodity and other derivative instruments. The interest rate on the floating rate debt balances has been assumed to be the same as the rate during the month of June 2010. Both the one month LIBOR and EURIBOR rates during the month of June 2010 were below the floor rate established in accordance with the respective agreements.

The amounts shown in the table above represent our current material contractual obligations as of June 30, 2010. As most of the planned capital expenditures are not currently committed, our 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 our business plan, operating results or other factors.

Historical Cash Flows

The following table discloses our cash flows from continuing operations for the periods presented:

(in €million)	For the six months ended June 30,	
	2010	2009
Net cash flows from (used in) operating activities	160.6	274.0
Net cash flows from (used in) investing activities	(146.0)	(102.1)
Net cash flows from (used in) financing activities	68.4	(89.4)

Cash flow from (used in) operating activities

Cash flows from operating activities for the six months ended June 30, 2010 generated a net cash inflow of €160.6 million compared to a net cash inflow of €274.0 million for the six months ended June 30, 2009. The €113.4 million decreased inflow reflects the impact of changes in our working capital position and additional interest payments of €23.1 million. This increase in interest payments reflects the increase in indebtedness as a result of the RGHL Transaction.

Cash flow from (used in) investing activities

Cash flows from investing activities for the six months ended June 30, 2010 resulted in a net cash outflow of €146.0 million compared to a net cash outflow of €102.1 million for the six months ended June 30, 2009. The increase in cash outflows from investing activities is principally due to the €52.8 million cash outflow for the acquisition of CSI Americas and the Whakatane Paper Mill.

Refer also to the "Capital Expenditures" section for additional information regarding expenditures on property, plant and equipment and intangible assets.

Cash flow from (used in) financing activities

Cash flows from financing activities for the six months ended June 30, 2010 resulted in a net cash inflow of €68.4 million compared to a net cash outflow of €89.4 million in the six months ended June 30, 2009.

Cash flows from financing activities for the six months ended June 30, 2010 mainly consisted of (i) drawdown of borrowings of €1,363.0 million, partially offset by the Evergreen Acquisition (excluding the Whakatane Paper Mill) of €1,202.4 million, (ii) payment of debt issue costs related to the Acquisition and Evergreen Acquisition of €44.6 million, and (iii) repayment of the Evergreen revolving credit facility of €32.5 million.

Cash flows from financing activities for the six months ended June 30, 2009 mainly consisted of (i) net repayments of loans and borrowings of €148.4 million and (ii) payment of €26.3 million of debt issuance costs, primarily related to the refinancing of the Reynolds Facility, partially offset by a drawdown of the Reynolds Facility of €74.7 million.

Capital Expenditures

	For the six months ended June 30,	
(in €million)	**2010**	**2009**
Property, plant and equipment (excluding filling machines)	62.8	66.2
Filling machines	21.9	24.4
Intangibles and other fixed assets	3.9	26.1
Total Capital Expenditures	**88.6**	**116.7**

Capital expenditures decreased by €28.1 million or 24.1% to €88.6 million for the six months ended June 30, 2010 compared to €116.7 million for the six months ended June 30, 2009, largely due to decreased expenditures associated with the completion of software projects within our SIG, Reynolds Consumer and Closures segments during 2009.

Capital Resources

We have substantial debt and debt service obligations. As of June 30, 2010, our aggregated total borrowings were €4,676.5 million. We may also incur additional debt in the future.

Our Senior Secured Credit Facilities include revolving facilities of $120.0 million and €80.0 million. As of June 30, 2010, these revolving tranches were utilized in the amount of $20.7 million (€16.9 million) and €20.0 million in the form of bank guarantees and letters of credit. Also, as of June 30, 2010, we had US$750 million (€613.7 million) undrawn under our incremental tranche of the Senior Secured Credit Facilities.

Sources of Liquidity

Our sources of liquidity for the future are expected to be our existing cash resources, cash flows from operations, drawings under the revolving credit facilities of our Senior Secured Credit Facilities and local working capital facilities. In addition to our cash and cash equivalents, as of June 30, 2010, we had $99.3 million (€81.3 million) and €60.0 million available for drawing under our revolving credit facilities and US$750 million (€613.7 million) under our incremental tranche of the Senior Secured Credit Facilities.

If we are required to borrow additional amounts under our revolving credit facility, our incremental tranche of the Senior Secured Credit Facilities or our other local working capital facilities, we may be restricted from doing so by the terms of such indebtedness or other indebtedness (including the notes), including financial maintenance covenants and other conditions.

We believe that our cash flows from operations and our existing available cash, together with our other available external financing sources, will be adequate to meet our future liquidity needs for the next twelve months.

We are currently in compliance in all material respects with the covenants under our Senior Secured Credit Facilities and our other outstanding indebtedness (including the notes).

Our future operating performance and our ability to service or refinance the Senior Secured Credit Facilities, the notes and other indebtedness are subject to economic conditions and financial, business and other factors, many of which are beyond our control.

Contingent Liabilities

Our contingent liabilities are primarily comprised of guarantees given to banks granting credit facilities to our joint venture company SIG Combibloc Obeikan Company Limited, in Riyadh, Kingdom of Saudi Arabia.

Off-Balance Sheet Arrangements

Other than the operating lease and capital expenditure commitments detailed in the "Contractual Obligations" section above, we currently have no material off-balance sheet obligations.

Pension Plans

We have continued to sponsor a number of pension plans, including both defined contribution and defined benefit plans, during the six months ended June 30, 2010.

We make 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. The last actuarial assessments were performed by independent actuaries at December 31, 2009.

Contributions to defined contribution plans are generally based on a percentage of the individual's salary or wages.

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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

In the normal course of business we are subject to risk from adverse fluctuations in interest and foreign exchange rates and commodity prices. We manage these risks through a combination of an appropriate mix between

variable rate and fixed rate borrowings, natural offsets 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 we use derivative instruments is dependent upon our access to them in the financial markets and our 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. Our objective in managing our exposure to market risk is to limit the impact on earnings and cash flow.

Interest Rate Risk

We had significant debt commitments outstanding as of June 30, 2010. These on-balance sheet financial instruments, to the extent they provide for variable rates of interest, expose us to interest rate risk. Our interest rate risk arises primarily on significant borrowings that are denominated in dollars and euros that are drawn under our Senior Secured Credit Facilities. This agreement includes an interest rate floor of 2% per annum on the original drawings made in November 2009 as part of the RGHL Transaction and an interest floor of 1.5% per annum on the incremental drawings made in May 2010 as part of the Evergreen Transactions. During the six months ended June 30, 2010, we paid interest under this facility based on the respective 2% and 1.5% LIBOR floors, plus the applicable margins, as the LIBOR and EURIBOR rates were below 1.5%.

We are also exposed to interest rate risks arising from deposits which earn interest at floating rates.

We have adopted a policy, which is consistent with the covenants under the Senior Secured Credit Facilities, to ensure that at least 50% of our overall exposures to changes in interest rates on borrowings are on a fixed rate basis.

The underlying LIBOR and EURIBOR rates as of June 30, 2010 were 1.17% and 1.32%, respectively. Based on assets and liabilities held as of June 30, 2010, a one-year time frame and all other variables, in particular foreign exchange rates, remaining constant, a 1% increase in interest rates would increase the interest expense on the $1,035 million senior secured term loan by €1.4 million, the $800 million incremental facility by €4.4 million and would increase the interest expense on the €250 million Euro senior secured term loan by €0.8 million. As a result of the LIBOR floor under our Senior Secured Credit Facilities, a 1% decrease in interest rates would have no impact on our interest expense on these borrowings.

Foreign Currency Exchange Rate Risk

As a result of our international operations we are 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, Swiss Franc, Thai Baht, Chinese Yuan Renminbi, Brazilian Real, British Pound, Japanese Yen, Mexican Peso, Canadian Dollar, Korean Won, Taiwanese Dollar and New Zealand Dollar.

In accordance with our treasury policy, we take advantage of natural offsets to the extent possible. Therefore, when commercially feasible, we borrow in the same currencies in which cash flows from operations are generated. Generally we do 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 we may enter into forward exchange contracts to hedge foreign exchange risk arising from specific transactions. As of June 30, 2010, we had no significant forward foreign exchange contracts outstanding.

We generally do not hedge our exposure to translation gains or losses in respect of our non-euro functional currency assets or liabilities.

Commodity Risk

We are exposed to commodity and other price risk principally from the purchase of resin, natural gas, electricity, raw cartonboard, aluminum and steel. We generally enter into commodity financial instruments or derivatives to hedge commodity prices related to resin, natural gas and aluminum. All other commodities are generally purchased at spot market prices. Our accounting policy is to recognize the gain or loss on measurement of the commodity derivatives within other income or other expense in the statement of comprehensive income.

Our objective is to ensure that our commodity and other price risk exposure is kept at an acceptable level.

Resin Derivative Contracts

We enter into resin futures to hedge our exposure to resin price fluctuations. We believe these contracts manage price risk by reference to the difference between the fixed contract price and the market price.

At June 30, 2010, we held 25 futures contracts for resin. Contracted volumes of 5,320 tons have been fixed at a range of prices between €1,088 and €1,166 per ton, for delivery from July 2010 to December 2010.

During the six months ended June 30, 2010, we recognized a loss of €1.1 million in other expenses in the profit and loss component of the statement of comprehensive income.

The impact on the profit and loss component of the statement of comprehensive income from a revaluation of resin contracts at June 30, 2010 assuming a ten percent parallel upwards movement in the price curve used to value the contracts is a loss of €0.1 million assuming all other variables remain constant. A 10% parallel decrease in the price curve would have an equal but opposite effect on the profit and loss component of the statement of comprehensive income.

Aluminum Derivative Contracts

We enter into aluminum swap contracts to hedge our exposure to aluminum price fluctuations. These contracts effectively manage price risk by reference to the difference between the fixed contract price and the market price. That difference is paid or received after the trading period.

At June 30, 2010, we held a number of aluminum swap contracts with related entities under the common ultimate control of Mr. Graeme Hart. Contracted volumes of approximately 41,700 metric tons have been fixed at a range of prices for delivery from July 2010 to January 2012. During the six months ended June 30, 2010, we recognized a €11.0 million unrealized loss in other expenses in the profit and loss component of the statement of comprehensive income.

The impact on the profit and loss component of the statement of comprehensive income from a revaluation of aluminum swap contracts at June 30, 2010 assuming a ten percent parallel upwards movement in the price curve used to value the contracts is €1.1 million assuming all other variables remain constant. A 10% parallel decrease in the price curve would have an equal but opposite effect on the profit and loss component of the statement of comprehensive income.

Natural Gas Derivative Contracts

We enter into natural gas swaps to hedge our exposure to natural gas price fluctuations. These contracts effectively manage price risk by reference to the difference between the fixed contract price and the market price. That difference is paid or received after the trading period.

At June 30, 2010, we held a number of contracts for price differences covering periods from July 2010 to March 2011. Contracted volumes of approximately 314,000 MMBtu have been fixed at a range of prices between €4.03 and €4.47 per MMBtu for delivery from July 2010 to March 2011. During the six months ended June 30, 2010 we recognized no material unrealized gains or losses on natural gas derivative contracts.

The impact on the profit and loss component of the statement of comprehensive income from a revaluation of natural gas contracts at June 30, 2010, assuming a 10% parallel upwards movement in the price curve used to value the contracts is nil assuming all other variables remain constant.

ITEM 4. CONTROLS AND PROCEDURES.

We are currently not required to evaluate the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), but intend to do so upon becoming a registrant with the SEC.

ITEM 4T. CONTROLS AND PROCEDURES.

We are currently not required to report on changes in internal control over financial reporting, but intend to do so upon becoming a registrant of the SEC.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are involved in legal proceedings from time to time in the ordinary course of business. We believe that the outcome of these proceedings will not have a material effect on our financial condition, results of operations or cash flows. There have been no material changes to the legal proceedings disclosed in our annual report for the year ended December 31, 2009.

ITEM 1A. RISK FACTORS.

You should carefully consider the risks and uncertainties described in Item 1A. "Risk Factors" in our quarterly report for the period ended March 31, 2010, the other information in this quarterly report, the discussions set forth in Item 5, "Operating and Financial Review and Prospects," of our annual report for the year ended December 31, 2009 and the discussions set forth in Item 5, "Operating and Financial Review and Prospects," of our quarterly report for the period ended March 31, 2010 as well as our interim unaudited condensed financial statements and related notes included elsewhere in this quarterly report. There have been no material changes to the risk factors disclosed in Item 1A. "Risk Factors" in our quarterly report for the period ended March 31, 2010.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Not applicable.

Reynolds Group Holdings Limited

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Reynolds Group Holdings Limited

Interim unaudited condensed financial statements
for the three and six month periods ended June 30, 2010

Reynolds Group Holdings Limited

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Reynolds Group Holdings Limited

Interim unaudited condensed statements of comprehensive income

For the

In millions of €	Note	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Revenue	7	1,157.7	962.6	2,104.5	1,908.7
Cost of sales		(948.9)	(732.0)	(1,726.2)	(1,538.4)
Gross profit		**208.8**	**230.6**	**378.3**	**370.3**
Other income	8	14.6	53.9	26.5	80.1
Selling, marketing and distribution expenses		(36.9)	(36.2)	(67.3)	(68.7)
General and administration expenses		(60.0)	(56.2)	(124.4)	(119.3)
Other expenses	9	(28.3)	(16.7)	(37.5)	(24.4)
Share of profit of associates and joint ventures, net of income tax (equity method)		3.9	1.6	7.1	3.6
Profit from operating activities		**102.1**	**177.0**	**182.7**	**241.6**
Financial income	10	3.2	4.0	6.4	6.0
Financial expenses	10	(169.8)	(108.6)	(270.8)	(164.6)
Net financial expenses		**(166.6)**	**(104.6)**	**(264.4)**	**(158.6)**
Profit (loss) before income tax		**(64.5)**	**72.4**	**(81.7)**	**83.0**
Income tax benefit (expense)	11	0.6	(28.5)	(21.6)	(47.8)
Profit (loss) from operations		**(63.9)**	**43.9**	**(103.3)**	**35.2**
Other comprehensive income (expense) for the period net of income tax					
Cash flow hedges		-	1.6	-	(0.8)
Exchange differences on translating foreign operations		103.5	(62.0)	206.0	(31.3)
Transfers from foreign currency translation reserve to profit and loss		-	-	34.6	-
Total other comprehensive income (expense) for the period net of income tax		**103.5**	**(60.4)**	**240.6**	**(32.1)**
Total comprehensive income (expense) for the period		**39.6**	**(16.5)**	**137.3**	**3.1**
Profit (loss) attributable to:					
Equity holder of the Group		(64.4)	44.1	(103.4)	35.2
Minority interests		0.5	(0.2)	0.1	-
		(63.9)	**43.9**	**(103.3)**	**35.2**
Total other comprehensive income (expense) attributable to:					
Equity holder of the Group		103.0	(61.2)	239.5	(31.9)
Minority interests		0.5	0.8	1.1	(0.2)
		103.5	**(60.4)**	**240.6**	**(32.1)**

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

Reynolds Group Holdings Limited

Interim unaudited condensed statements of financial position

As at

In millions of €	Note	June 30, 2010	December 31, 2009
Assets			
Cash and cash equivalents		455.5	333.0
Trade and other receivables		615.0	484.7
Assets held for sale		10.5	4.2
Derivatives		-	4.4
Current tax assets		11.6	5.9
Inventories	12	598.8	469.6
Other assets		56.3	45.9
Total current assets		**1,747.7**	**1,347.7**
Non-current receivables		218.0	212.2
Investments in associates and joint ventures (equity method)		79.5	69.9
Deferred tax assets		99.7	85.2
Property, plant and equipment	13	1,363.7	1,184.5
Investment property		46.5	53.1
Intangible assets	14	2,506.3	2,274.2
Derivatives		13.8	11.7
Other assets		17.6	12.6
Total non-current assets		**4,345.1**	**3,903.4**
Total assets		**6,092.8**	**5,251.1**
Liabilities			
Bank overdrafts		2.3	0.8
Trade and other payables		709.5	535.6
Borrowings	15	49.5	79.1
Current tax liabilities		44.2	31.3
Derivatives		9.4	-
Employee benefits		82.9	87.6
Provisions	16	43.1	47.8
Other liabilities		-	1.4
Total current liabilities		**940.9**	**783.6**
Non-current payables		3.3	1.9
Borrowings	15	4,627.0	3,369.4
Deferred tax liabilities		336.0	305.2
Derivatives		-	7.5
Employee benefits		178.1	160.6
Provisions	16	24.8	25.2
Total non-current liabilities		**5,169.2**	**3,869.8**
Total liabilities		**6,110.1**	**4,653.4**
Net assets (liabilities)		**(17.3)**	**597.7**
Equity			
Share capital	17	939.1	1,007.3
Reserves	17	(804.4)	(364.0)
Retained earnings (accumulated losses)		(160.3)	(56.9)
Equity attributable to equity holder of the Group		**(25.6)**	**586.4**
Minority interests		8.3	11.3
Total equity		**(17.3)**	**597.7**

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

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

In millions of €	Note	Share capital	Translation of foreign operations	Other reserves	Hedge reserve	Retained earnings (accumulated losses)	Equity attributable to equity holder of the Group	Minority interests	Total
Balance at the beginning of the period (January 1, 2009)		610.5	101.5	(17.4)	(7.8)	(133.1)	553.7	11.9	565.6
Issue of shares (net of issue costs)	17	56.3	-	-	-	-	56.3	-	56.3
Total comprehensive income for the period		-	(31.1)	-	(0.8)	35.2	3.3	(0.2)	3.1
Dividends paid to minority interests		-	-	-	-	-	-	(0.4)	(0.4)
Balance at June 30, 2009		**666.8**	**70.4**	**(17.4)**	**(8.6)**	**(97.9)**	**613.3**	**11.3**	**624.6**
Balance at the beginning of the period (January 1, 2010)		1,007.3	52.1	(416.1)	-	(56.9)	586.4	11.3	597.7
Issue of shares (net of issue costs)	17	472.9	-	-	-	-	472.9	-	472.9
Total comprehensive income for the period		-	239.5	-	-	(103.4)	136.1	1.2	137.3
Common control transactions	20	(541.1)	-	(679.9)	-	-	(1,221.0)	-	(1,221.0)
Disposal of business		-	-	-	-	-	-	(2.8)	(2.8)
Dividends paid to minority interests		-	-	-	-	-	-	(1.4)	(1.4)
Balance at June 30, 2010		**939.1**	**291.6**	**(1,096.0)**	**-**	**(160.3)**	**(25.6)**	**8.3**	**(17.3)**

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

Reynolds Group Holdings Limited

Interim unaudited condensed statements of cash flows

For the six month period ended

In millions of €	June 30, 2010	June 30, 2009
Cash flows from operating activities		
Cash received from customers	2,117.8	1,936.9
Cash paid to suppliers and employees	(1,798.3)	(1,537.2)
Interest paid	(125.8)	(102.7)
Income taxes paid	(33.1)	(23.0)
Net cash from operating activities	**160.6**	**274.0**
Cash flows from investing activities		
Purchase of Whakatane Paper Mill	(34.6)	-
Acquisition of property, plant and equipment and investment properties	(84.7)	(90.6)
Proceeds from sale of property, plant and equipment, investment properties and other assets	9.6	5.3
Acquisition of intangible assets	(3.9)	(26.1)
Acquisition of businesses, net of cash acquired	(18.2)	(1.8)
Disposal of business, net of cash disposed	1.4	-
Disposal of other investments	0.7	3.7
Proceeds from related party advances	-	12.8
Repayments of related party advances	(19.0)	(7.3)
Interest received	1.2	1.4
Dividends received from joint ventures	1.5	0.5
Net cash used in investing activities	**(146.0)**	**(102.1)**
Cash flows from financing activities		
Acquisition of businesses under common control	(1,202.4)	-
Drawdown of loans and borrowings		
2010 Notes	757.2	-
2009 Credit Agreement (including the Additional Bank Debt)	605.8	-
Reynolds Senior Credit Facilities	-	74.7
Other facilities	0.7	2.3
Repayment of loans and borrowings		
2009 Credit Agreement	(8.0)	-
Evergreen revolving credit facility	(32.5)	-
Reynolds Senior Credit Facilities	-	(100.7)
2007 SIG Senior Credit Facilities	-	(18.6)
Other borrowings	(1.3)	(29.1)
Proceeds from issue of share capital	-	8.9
Payment of finance lease liabilities	(0.2)	(0.2)
Payment of transaction costs	(44.6)	(26.3)
Payment of original issue discounts	(1.5)	-
Payment for acquisition of businesses under common control*	(3.4)	-
Dividends paid to minority interests	(1.4)	(0.4)
Net cash from (used in) financing activities	**68.4**	**(89.4)**
Net increase in cash and cash equivalents	**83.0**	**82.5**
Cash and cash equivalents at the beginning of the period	332.2	268.4
Effect of exchange rate fluctuations on cash held	38.0	2.3
Cash and cash equivalents at June 30	**453.2**	**353.2**
Cash and cash equivalents comprise		
Cash and cash equivalents	455.5	358.9
Bank overdrafts	(2.3)	(5.7)
Cash and cash equivalents at June 30	**453.2**	**353.2**

* Relates to the net payment of the working capital adjustments on the acquisition of the Closures and Reynolds Consumer businesses on November 5, 2009.

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

Reynolds Group Holdings Limited

Interim unaudited condensed statements of cash flows

Reconciliation of the profit for the period with the net cash from operating activities
For the six month period ended

In millions of €	June 30, 2010	2009
Profit (loss) for the period	(103.3)	35.2
Adjustments for:		
Depreciation of property, plant and equipment	97.7	105.5
Depreciation of investment properties	1.1	0.6
Amortisation of intangible assets	61.4	55.9
Impairment losses on property, plant and equipment and investment property	-	3.4
Net foreign exchange losses in operating activities	(1.5)	4.5
Change in fair value of derivatives	12.9	(54.5)
Loss (gain) on sale of property, plant and equipment	0.5	(1.3)
Gains on disposal of businesses	(1.7)	-
Net financial (income) expenses	264.4	158.6
Share of profit of equity accounted investees	(7.1)	(3.6)
Income tax expense	21.6	47.8
Interest paid	(125.8)	(102.7)
Income tax paid	(33.1)	(23.0)
Change in trade and other receivables	(15.2)	7.9
Change in inventories	(52.0)	9.3
Change in trade and other payables	44.6	55.7
Change in provisions and employee benefits	(18.2)	(0.4)
Change in other assets and liabilities	14.3	(24.9)
Net cash from operating activities	**160.6**	**274.0**

Significant non-cash financing and investing activities

During the six month period ended June 30, 2010, Evergreen Packaging Inc. ("EPI") issued shares to Evergreen Packaging US, its parent company at the time of issue, in exchange for the novation of external borrowings, net of debt issue costs, in the amounts of CA$29.5 million (€22.1 million), NZ$ 775.6 million (€429.7 million) and US$27.9 million (€21.1 million) (2009: nil).

During the six month period ended June 30, 2010, related party interest income of €5.1 million (2009: €4.1 million) was capitalised as part of the non-current related party receivable balance included in other non-current receivables. Refer to note 18.

During the six month period ended June 30, 2009, Evergreen Packaging International B.V.'s parent company at the time, Evergreen Packaging (Antilles) N.V., contributed €47.4 million as a non-stipulated share premium without the issuance of shares.

Reynolds Group Holdings Limited

Interim unaudited condensed statements of cash flows

Acquisitions and disposals of businesses
For the six month period ended

	June 30,			
	2010		2009	
In millions of €	**Acquisitions**	**Disposals**	**Acquisitions**	**Disposals**
Outflow of cash:				
Cash payments	25.9	-	-	-
Net cash acquired	(7.7)	-	-	-
Outflow of cash	**18.2**	**-**	**-**	**-**
Cash and cash equivalents	7.7	-	-	-
Net assets acquired	**25.9**	**-**	**-**	**-**
Details of net assets acquired:				
Cash and cash equivalents	7.7	-	-	-
Trade and other receivables	1.5	-	-	-
Inventories	7.7	-	-	-
Other current assets	0.1	-	-	-
Intangible assets	2.4	-	-	-
Property, plant and equipment	11.1	-	-	-
Trade and other payables	(4.2)	-	-	-
Provisions	(0.1)	-	-	-
Employee benefits	(0.3)	-	-	-
	25.9	**-**	**-**	**-**

The above relates to the acquisition of Obrist Americas Inc., subsequently renamed Closure Systems International Americas, Inc.
Refer to note 19 for further details of acquisitions.

1. Reporting entity

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

The interim unaudited condensed financial statements of the Company as at and for the period ended June 30, 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

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

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

2. Basis of preparation

2.1 Statement of compliance

The interim unaudited condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". The disclosures required in these interim unaudited condensed financial statements are less extensive than the disclosure requirements for annual financial statements.

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

The interim unaudited condensed financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Group for the period ended December 31, 2009 as well as other announcements made by the Group and posted on its website, www.reynoldsgroupholdings.com.

The interim unaudited condensed financial statements were approved by the Board of Directors (the "Directors") on August 25, 2010.

2.2 Going concern

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

2.3 Basis of measurement

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

- certain components of inventory and certain 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, derivatives and investments in securities which are measured at fair value.

The accounting policies applied by the Group in these interim unaudited condensed financial statements are the same as those applied by the Group in the annual financial statements for the period ended December 31, 2009.

2.4 Presentation currency

These interim unaudited condensed financial statements are presented in Euros ("€"), which is the Group's presentation currency. All financial information presented in € has been rounded to the nearest tenth of a million €, unless otherwise stated.

2.5 Transactions between entities under common control

In May 2010, the Company acquired the Evergreen group of companies ("Evergreen"). For over two years prior to May 2010, the Company and Evergreen had been under common ownership and control through entities ultimately 100% owned by Mr. Graeme Hart. Therefore, the acquisition of Evergreen by indirect subsidiaries of the Company has been accounted for under the principles of common control and all prior periods presented in these financial statements have been recast to include Evergreen in order to comply with the Group's accounting policy for transactions between entities under common control.

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.

As a result of applying the principles of common control accounting, the Group's financial statements are prepared on a combined rather than consolidated basis for periods prior to the legal consummation of the common control transactions.

2.6 Comparative information

In addition to the items disclosed in note 32 of the Group's financial statements for the year ended December 31, 2009, which have been reflected in the comparative June 30, 2009 information in these financial statements, the following additional adjustments have been made to correct amounts previously reported in the stand alone financial statements of the Reynolds Consumer and Closures segments:

- The profit before income tax includes an increase of US$4.5 million (€3.2 million) for an adjustment to the overhead cost absorption of the inventory of the Reynolds Consumer segment. This adjustment is reversed in the third and fourth quarters of 2009 and therefore has no impact on the previously reported profit before income tax or profit from operations of the Group for the year ended December 31, 2009.
- Certain items have been reclassified within the statements of comprehensive income and financial position to align with the method of presentation adopted by the Group.

3. Use of estimates and judgements

The preparation of interim unaudited condensed 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 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.

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

3.1 Impairment of assets

(a) Goodwill and indefinite life intangible assets

Determining whether goodwill and indefinite life intangible assets are impaired requires estimation of the recoverable values of the cash generating units ("CGU") to which these assets have been allocated. Recoverable values have been based on 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 the present value. Details regarding the carrying amount of goodwill and indefinite life intangible assets are provided in note 14.

(b) Rights to supply (finite life intangible asset)

Under the Group's integrated filler and carton sleeve sale and supply arrangements, the difference between the sales price of a filling machine and the cost to manufacture the machine is capitalised as an intangible asset (rights to supply) at the point of sale and then amortised over the term of the carton sleeve contract. At each reporting date, the unamortised balance is reviewed by management to assess whether it will be recovered from the projected gross margin of the estimated future carton sleeve sales. Any write down in the recoverable amount of the intangible asset is recognised in the statements of comprehensive income as a component of the profit or loss in the period in which the gross margin decline is noted. In undertaking this analysis management is required to make certain estimates in respect of the expected future sales volumes and margins in order to assess the recoverability of this intangible asset.

3.2 Income taxes

The Group is subject to income taxes in multiple jurisdictions which requires 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.

3.3 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. Seasonality

The Group's SIG Combibloc segment is impacted by moderate levels of seasonal fluctuations. Although the customers of the SIG Combibloc segment are primarily engaged in providing products such as beverages and food that are generally less sensitive to seasonal effects, some seasonality is experienced as a result of consumer trends (i.e. increased consumption of tea and juices during the summer months in Europe). As a result, the carton sleeve sales of the SIG Combibloc segment in the second and third quarters are usually greater than the rest of the year. Sales in the fourth quarter may also increase as a result of the timing of the volume rebate calculations paid in the first quarter in respect of sleeve sales, which encourages customers to purchase additional sleeves prior to the end of the year.

Sales of filling machines by the SIG Combibloc segment historically increase in the fourth quarter as customers seek to utilise their residual capital expenditure budgets before the end of their operating years. As a result, the SIG Combibloc segment usually experiences lower levels of sales and builds inventory levels of filling machines during the first, second and third quarters, which collectively increases working capital levels and reduces operating cash flows.

The Evergreen segment is impacted by moderate seasonal fluctuations. The Evergreen segment's customers are principally engaged in providing products that are generally less sensitive to seasonal effects although Evergreen does experience some seasonality as a result of increased consumption of 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 Reynolds Consumer segment is subject to seasonal consumption patterns which are aligned with certain of the Group's key product lines. Sales of Reynolds Wrap® brands, the highest sales volume product, peak in North America during the fourth quarter holiday periods. Consequently, revenue is significantly greater during the fourth quarter of the year. In addition, the segment's food and trash bag sales peak during the summer and early fall months in North America coinciding with the harvest season and outdoor fall clean-up.

Sales in the Group's Closures segment are seasonal, peaking during the summer and fall months in the Northern Hemisphere when hot temperatures lead to increased consumption of bottled water, isotonic and soft drink products. As a result, historically the Closures segment realizes approximately 60% of sales during the second and third quarters of each calendar year. The Closures segment experiences seasonality in its working capital with inventory and receivables levels typically peaking in the first and second quarters, respectively.

5. Financial risk management

During the quarterly period ended June 30, 2010, the Group continued to apply the risk management objectives and policies which were disclosed in the annual financial statements of the Group for the year ended December 31, 2009.

6. Segment reporting

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

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

- SIG Combibloc – SIG Combibloc is one of the world's leading manufacturers and suppliers of a broad range of high quality aseptic carton packaging solutions. They are designed to retain taste and nutritional value of beverages and liquid food, without the use of chemical preservatives, even when stored for months without refrigeration. Its business is the supply of aseptic carton packaging systems, which include aseptic filling machines, aseptic cartons, spouts and closures as well as associated technical support and training.

- Evergreen – Evergreen is a leading manufacturer of fresh carton packaging for beverage products, primarily serving the juice and milk markets. Evergreen supplies integrated fresh carton packaging systems, which include fresh cartons, spouts, caps and closures, filling machines and related services. In addition, Evergreen manufactures liquid packaging board for beverage carton manufacturers and paper products for commercial printing.

- Reynolds Consumer – Reynolds Consumer is principally engaged in the manufacture and distribution of household products that are marketed under well recognised brands including Reynolds®, Diamond®, and Cut-Rite®. The segment also manufactures private label products under the Presto® product line, which is a leading supplier of store brand plastic storage and waste management products.

- Closures – Closures is a global closures manufacturing operation. It is principally engaged in the design, manufacture and distribution of plastic and aluminium closures as well as capping systems primarily for the beverage industry. It also provides its customers with a full range of capping equipment and machinery as well as associated technical support and training.

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

The CODM assesses the performance of the operating segments based on Adjusted EBITDA. Adjusted EBITDA is defined as being net profit before income tax expense, net financial expenses, depreciation and amortisation adjusted to exclude certain significant items of a non-recurring or unusual nature, including but not limited to restructuring costs, unrealised gains or losses on derivatives, gains or losses on the sale of non-strategic assets, asset impairments and writedowns and equity method profit not distributed in cash. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance and is consistent with what was reported in the Group's annual financial statements for the period ended December 31, 2009.

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

Reynolds Group Holdings Limited

Notes to the interim unaudited condensed financial statements
For the three and six month periods ended June 30, 2010

Business segment reporting

In millions of €	SIG Combibloc	Evergreen	Reynolds Consumer	Closures	Corporate / unallocated *	Total
For the six month period ended June 30, 2010						
Total external revenue	684.1	577.5	415.3	427.6	-	2,104.5
Total inter-segment revenue	-	-	-	2.6	(2.6)	-
Total segment revenue	**684.1**	**577.5**	**415.3**	**430.2**	**(2.6)**	**2,104.5**
Gross profit	160.9	54.4	98.4	64.6	-	378.3
Expenses and other income	(83.7)	(24.5)	(52.7)	(38.2)	(3.6)	(202.7)
Share of profit of associates and joint ventures (equity method)	6.4	0.7	-	-	-	7.1
Earnings before interest and tax ("EBIT")	**83.6**	**30.6**	**45.7**	**26.4**	**(3.6)**	**182.7**
Financial income						6.4
Financial expenses						(270.8)
Profit (loss) before income tax						**(81.7)**
Income tax benefit (expense)						(21.6)
Profit (loss) for the period						**(103.3)**
Earnings before interest and tax ("EBIT")	**83.6**	**30.6**	**45.7**	**26.4**	**(3.6)**	**182.7**
Depreciation and amortisation	88.1	22.8	19.4	29.9	-	160.2
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**171.7**	**53.4**	**65.1**	**56.3**	**(3.6)**	**342.9**
Included in EBITDA:						
Business restructuring costs	5.2	-	(1.4)	0.4	-	4.2
Business acquisition costs	-	0.9	-	0.9	1.7	3.5
Unrealised losses on derivatives	0.3	0.5	11.0	1.1	-	12.9
Operational process engineering related consultancy costs	-	1.6	4.6	-	-	6.2
Gains on sale of businesses	-	(1.6)	(0.1)	-	-	(1.7)
Business interruption costs	-	-	-	1.5	-	1.5
Equity method profit not distributed in cash	(4.9)	(0.7)	-	-	-	(5.6)
Non-recoverable VAT and custom duties relating to historical imports	7.6	-	-	-	-	7.6
Related party management fees	-	0.6	-	-	-	0.6
Adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA")	**179.9**	**54.7**	**79.2**	**60.2**	**(1.9)**	**372.1**
Segment assets as at June 30, 2010	2,544.7	1,051.8	1,416.7	1,248.4	(168.8)	**6,092.8**

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

In millions of €	SIG Combibloc	Evergreen	Reynolds Consumer	Closures	Corporate / unallocated *	Total
For the six month period ended June 30, 2009						
Total external revenue	609.3	516.2	421.5	361.7	-	1,908.7
Total inter-segment revenue	-	-	-	-	-	-
Total segment revenue	**609.3**	**516.2**	**421.5**	**361.7**	**-**	**1,908.7**
Gross profit	134.4	129.0	45.7	61.2	-	370.3
Expenses and other income	(79.2)	(27.7)	(1.6)	(23.8)	-	(132.3)
Share of profit of associates and joint ventures (equity method)	2.6	1.0	-	-	-	3.6
Earnings before interest and tax (“EBIT”)	**57.8**	**102.3**	**44.1**	**37.4**	**-**	**241.6**
Financial income						6.0
Financial expenses						(164.6)
Profit (loss) before income tax						**83.0**
Income tax benefit (expense)						(47.8)
Profit (loss) for the period						**35.2**
Earnings before interest and tax (“EBIT”)	**57.8**	**102.3**	**44.1**	**37.4**	**-**	**241.6**
Depreciation and amortisation	89.4	23.0	23.7	25.9	-	162.0
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	**147.2**	**125.3**	**67.8**	**63.3**	**-**	**403.6**
Included in EBITDA:						
Business restructuring costs	9.5	-	2.9	1.4	-	13.8
Asset impairment charges	3.2	-	0.2	-	-	3.4
Equity method profit not distributed in cash	(2.1)	(1.0)	-	-	-	(3.1)
Plant realignment costs	-	-	1.4	-	-	1.4
Elimination of the effect of historical hedging policy	-	-	51.5	-	-	51.5
Transition costs	-	-	7.8	-	-	7.8
Unrealised gains on derivatives	(2.2)	-	(46.0)	(6.3)	-	(54.5)
Operational process engineering related consultancy costs	-	1.8	-	-	-	1.8
Black liquor credits	-	(69.0)	-	-	-	(69.0)
Related party management fees	-	0.9				0.9
Adjusted earnings before interest, tax, depreciation and amortisation (“Adjusted EBITDA”)	**155.6**	**58.0**	**85.6**	**58.4**	**-**	**357.6**
Segment assets as at December 31, 2009	2,874.1	915.4	1,161.9	996.3	(696.6)	5,251.1

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

7. Revenue

In millions of €	For the six month period ended June 30, 2010	2009
Sale of goods	2,078.4	1,886.5
Services	26.1	22.2
Total revenue	**2,104.5**	**1,908.7**

8. Other income

In millions of €	For the six month period ended June 30, 2010	2009
Rental income from investment properties	2.6	3.9
Sale of by-products	9.0	5.5
Gain on sale of property, plant and equipment	-	1.3
Gain on disposal of businesses and investments	1.7	-
Unrealised gains on derivatives	-	54.5
Net foreign currency exchange gain	1.5	-
Income from other services	1.4	2.5
Other	10.3	12.4
Total other income	**26.5**	**80.1**

9. Other expenses

In millions of €	Note	For the six month period ended June 30, 2010	2009
Operational process engineering related consultancy costs		(6.2)	(1.8)
Business restructuring costs		(4.2)	(13.8)
Acquisition costs		(3.5)	-
Related party management fees paid	18	(0.6)	(0.9)
Asset impairment charges on property, plant and equipment and investment property		-	(3.4)
Unrealised losses on derivatives		(12.9)	-
Non-recoverable VAT and custom duty relating to historical imports		(7.6)	-
Loss on disposal of property, plant and equipment		(0.5)	-
Net foreign currency exchange loss		-	(4.5)
Business interruption costs		(1.5)	-
Other		(0.5)	-
Total other expenses		**(37.5)**	**(24.4)**

10. Financial income and expenses

In millions of €	Note	For the six month period ended June 30, 2010	2009
Interest income		1.3	1.9
Interest income on related party loans	18	5.1	4.1
Financial income		**6.4**	**6.0**
Interest expense			
2009 Credit Agreement		(38.4)	-
2010 Notes		(10.7)	-
2009 Notes		(50.0)	-
2007 Notes		(39.2)	(39.2)
2008 Reynolds Senior Credit Facilities		-	(29.7)
2007 SIG Senior Credit Facilities		-	(16.8)
CHH Facility		(5.2)	(9.6)
Blue Ridge Facility		(0.2)	(0.3)
Related party borrowings		-	(14.3)
Amortisation of:			
Debt issue costs			
2009 Credit Agreement		(3.0)	-
2010 Notes		(0.5)	-
2009 Notes		(3.1)	-
2007 Notes		(1.4)	(1.3)
2008 Reynolds Senior Credit Facilities		-	(8.1)
2007 SIG Senior Credit Facilities		-	(1.2)
CHH Facility		(0.3)	(0.4)
Original issue discounts		(1.9)	-
Embedded derivatives		0.7	-
Other		(4.3)	-
Net change in fair values of derivatives		(7.3)	-
Net foreign currency exchange loss		(105.3)	(42.9)
Other		(0.7)	(0.8)
Financial expenses		**(270.8)**	**(164.6)**
Net financial expenses		**(264.4)**	**(158.6)**

Refer to note 15 for details of the Group's borrowings.

11. Income tax

In millions of €	For the six month period ended June 30, 2010	2009
Reconciliation of effective tax rate		
Profit (loss) before income tax	**(81.7)**	**83.0**
Income tax using the Company's domestic tax rate of 30% (2009: 30%)	24.5	(24.9)
Effect of tax rates in foreign jurisdictions	(4.3)	9.7
Non-deductible expenses	(4.5)	(1.1)
Controlled foreign corporation tax	-	(7.2)
Tax rate modifications	1.6	-
Withholding tax	(2.2)	(1.5)
Recognition of previously unrecognised tax losses and temporary differences	3.2	1.1
Current period losses for which no deferred tax asset was recognised	(40.7)	(24.6)
Under provided in prior periods	(0.2)	(0.4)
Other	1.0	1.1
Total current period income tax expense	**(21.6)**	**(47.8)**

12. Inventories

As at		
In millions of €	June 30, 2010	December 31, 2009
Raw materials and consumables	183.9	140.0
Work in progress	96.0	70.1
Finished goods	295.2	244.6
Engineering and maintenance materials	58.3	46.1
Provision against inventories	(34.6)	(31.2)
Total inventories	**598.8**	**469.6**

During the six month period ended June 30, 2010, the write-down of inventories to net realisable value amounted to €1.6 million (June 30, 2009: €1.6 million).

The U.S. Internal Revenue Code provided a tax credit for companies that use alternative fuel mixtures to produce energy to operate their businesses. The credit, equal to US$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 (within the Evergreen segment), 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 US$235.0 million. As a result of these claims the Group recognised during the six month period ended June 30, 2009 a reduction in its cost of sales of US$96.0 million (€69.0 million), being the claim value net of applicable expenses. 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.

13. Property, plant and equipment

In millions of €	Land	Buildings, plant and equipment	Capital work in progress	Leased assets lessor	Finance leased assets	Total
Cost	88.7	1,496.5	82.1	177.5	3.1	1,847.9
Accumulated impairment losses	-	(0.2)	-	-	-	(0.2)
Accumulated depreciation	-	(410.3)	-	(72.6)	(1.1)	(484.0)
Carrying amount at June 30, 2010	**88.7**	**1,086.0**	**82.1**	**104.9**	**2.0**	**1,363.7**
Cost	79.0	1,315.2	54.0	141.8	3.2	1,593.2
Accumulated impairment losses	-	(3.3)	-	-	-	(3.3)
Accumulated depreciation	-	(339.1)	-	(65.4)	(0.9)	(405.4)
Carrying amount at December 31, 2009	**79.0**	**972.8**	**54.0**	**76.4**	**2.3**	**1,184.5**

The depreciation charge of €97.7 million for the six month period ended June 30, 2010 (June 30, 2009: €105.5 million) is recognised in the statements of comprehensive income as a component of cost of sales (June 30, 2010: €93.5 million, June 30, 2009: €103.5 million), selling, marketing and distribution expenses (June 30, 2010: €1.3 million, June 30, 2009: € nil) and general and administration expenses (June 30, 2010: €2.9 million, June 30, 2009: €2.0 million).

During the six month period ended June 30, 2010, no impairment charges or reversals of previously recognised impairment charges were recognised (June 30, 2009: €0.2 million impairment charge).

The Group leases plant and equipment under finance leases. The leased plant and equipment acts to secure the lease obligations.

There are no restrictions on the title of any items of property, plant and equipment except as outlined in note 15 and for those assets held under finance leases.

14. Intangible assets

In millions of €	Goodwill	Trademarks	Technology & software	Customer relationships	Rights to supply	Other	Total
Cost	1,333.7	531.5	252.8	653.8	128.8	8.9	2,909.5
Accumulated impairment losses	-	-	-	-	-	-	-
Accumulated amortisation	-	(7.1)	(130.1)	(177.7)	(80.8)	(7.5)	(403.2)
Carrying amount at June 30, 2010	**1,333.7**	**524.4**	**122.7**	**476.1**	**48.0**	**1.4**	**2,506.3**
Cost	1,203.9	460.1	213.9	578.8	117.1	2.3	2,576.1
Accumulated impairment losses	-	-	-	-	-	-	-
Accumulated amortisation	-	(4.8)	(94.0)	(136.5)	(66.0)	(0.6)	(301.9)
Carrying amount at December 31, 2009	**1,203.9**	**455.3**	**119.9**	**442.3**	**51.1**	**1.7**	**2,274.2**

The amortisation charge of €61.4 million for the six month period ended June 30, 2010 (June 30, 2009: €55.9 million) is recognised in the statements of comprehensive income as a component of cost of sales (June 30, 2010: €30.4 million, June 30, 2009: €31.5 million) and general and administration expenses (June 30, 2010: €31.0 million, June 30, 2009: €24.4 million).

During the six month period ended June 30, 2010, no impairment charges or reversals of previously recognised impairment charges were recognised (June 30, 2009: nil).

14.1 Impairment testing for CGUs containing indefinite life intangible assets

Goodwill and certain 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. There were no indicators of impairment at any of the Group's CGUs at June 30, 2010 and therefore recoverable amounts were not required to be calculated.

For the purpose of impairment testing, indefinite life intangible assets are allocated to the Group's CGUs which represent the lowest level within the Group at which the goodwill and trademarks are monitored for internal management purposes. The aggregate carrying amounts of indefinite life intangible assets allocated to each CGU are as follows:

	As at June 30, 2010		As at December 31, 2009	
In millions of €	Goodwill	Indefinite life trademarks	Goodwill	Indefinite life trademarks
Reynolds Consumer– Reynolds Branded	237.6	246.2	208.5	209.4
Reynolds Consumer – Store Branded	83.5	-	66.2	-
Closures	312.1	-	262.3	-
SIG Combibloc	667.0	211.8	638.4	188.2
Evergreen	33.5	27.6	28.5	23.5
	1,333.7	**485.6**	**1,203.9**	**421.1**

Recoverable amounts of the indefinite life intangible assets allocated to each CGU are determined based on the greater of the fair values less costs to sell or value-in-use calculations.

15. Borrowings

As at

In millions of €	Note	June 30, 2010	December 31, 2009
2009 Credit Agreement [(a)(g)]		46.8	24.2
Blue Ridge Facility[(l)]		-	30.0
CHH Facility[(f)(k)]		-	20.9
Current portion of non-interest bearing related party borrowings	18	0.6	1.5
Other[(m)]		2.1	2.5
Current borrowings		**49.5**	**79.1**
2009 Credit Agreement[(a)(g)]		1,640.1	910.8
2010 Notes[(b)(j)]		803.4	-
2009 Notes[(c)(h)]		1,306.6	1,174.5
2007 Senior Notes[(d)(i)]		466.1	465.3
2007 Senior Subordinated Notes[(e)(i)]		407.3	406.7
CHH Facility[(f)(k)]		-	408.7
Other[(m)]		3.5	3.4
Non-current borrowings		**4,627.0**	**3,369.4**
(a) 2009 Credit Agreement (current and non-current)		1,743.2	970.2
Transaction costs		(41.9)	(22.6)
Original issue discount		(14.4)	(12.6)
Carrying amount		**1,686.9**	**935.0**
(b) 2010 Notes		818.3	-
Transaction costs		(22.6)	-
Embedded derivative		7.7	-
Carrying amount		**803.4**	**-**
(c) 2009 Notes		1,370.6	1,233.0
Transaction costs		(58.2)	(52.6)
Original issue discount		(16.6)	(15.9)
Embedded derivative		10.8	10.0
Carrying amount		**1,306.6**	**1,174.5**
(d) 2007 Senior Notes		480.0	480.0
Transaction costs		(13.9)	(14.7)
Carrying amount		**466.1**	**465.3**
(e) 2007 Senior Subordinated Notes		420.0	420.0
Transaction costs		(12.7)	(13.3)
Carrying amount		**407.3**	**406.7**

In millions of €	Note	June 30, 2010	December 31, 2009
(f) CHH Facility (current and non-current)		-	431.2
Transaction costs		-	(1.6)
Carrying amount		**-**	**429.6**

(g) 2009 Credit Agreement

The Company and certain members of the Group are parties to a senior secured credit agreement dated November 5, 2009, which is comprised of term tranches of US$1,035.0 million and €250.0 million, revolving tranches of US$120.0 million and €80.0 million and an incremental facility of US$400.0 million (the "2009 Credit Agreement"). The Euro term tranche matures on November 5, 2015 and the revolving tranches mature on November 5, 2014. Pursuant to an amendment dated May 4, 2010, the US$ term tranches mature on May 5, 2016 and the incremental facility was increased to US$1,550.0 million (€1,268.4 million) (the "Additional Bank Debt").The borrowers under the 2009 Credit Agreement are Reynolds Group Holdings Inc., Reynolds Consumer Products Holdings Inc., Closure Systems International Holdings Inc., SIG Euro Holding AG & Co KGaA, SIG Austria Holdings GmbH and Closure Systems International B.V. During the six month period ended June 30, 2010, the interest rates on the US$ and Euro term tranches were 6.25% (2009: 6.25%) and on the US$ incremental facility was 5.75%.

The Company and certain members of the Group in Australia, Austria, Brazil, the British Virgin Islands, Canada, Costa Rica, Germany, Guernsey, Hong Kong, Hungary, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Switzerland, Thailand, the United Kingdom and the United States have guaranteed on a senior basis the obligations under the 2009 Credit Agreement and related documents to the extent permitted by law. The guarantors (other than the entities organised in Costa Rica and Japan) have granted security over certain of their assets to support the obligations under the 2009 Credit Agreement. Security interests in the shares or other membership interests of these guarantors (other than the Company and a subsidiary organised in Japan) have been granted to support the obligations under the 2009 Credit Agreement. The security is shared on a first priority basis with the note holders under the 2009 Notes (refer to (h) below). The Additional Bank Debt is or will be guaranteed and secured on the same basis as the other obligations under the 2009 Credit Agreement.

At June 30, 2010 the US$ term tranche was fully drawn by Reynolds Consumer Products Holdings Inc. and Reynolds Group Holdings Inc. ("RGHI") and the Euro term tranche was fully drawn by SIG Austria Holdings GmbH and SIG Euro Holding AG &Co KGaA. The revolving tranches were utilised in the amount of US$20.7 million (€16.9 million) and €20.0 million in the form of bank guarantees and letters of credit. At June 30, 2010, the incremental facility was drawn in the amount of US$800.0 million (€654.6 million) by RGHI in the form of term loans.

Indebtedness under the 2009 Credit Agreement may be voluntarily repaid in whole or in part and must be mandatorily repaid in certain circumstances. The borrowers also make quarterly amortisation payments in respect of the term loans. Amortisation payments commenced on March 31, 2010.

The 2009 Credit Agreement contains customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling or acquiring assets and making restricted payments, in each case except as permitted under the 2009 Credit Agreement. The Group also has an interest coverage ratio and leverage ratio covenants as well as limitations on capital expenditure. At June 30, 2010 the Group was in compliance with all of its covenants.

The total assets of the non-guarantor companies (excluding intra-group items but including investments in subsidiaries) are required to be 20% or less of the consolidated total assets of the Group and the aggregate of the EBITDA of the non-guarantor companies is required to be 20% or less of the consolidated EBITDA of the Group, in each case calculated in accordance with the 2009 Credit Agreement which may differ to the measure of Adjusted EBITDA as disclosed in note 6.

(h) 2009 7.75% Senior Secured Notes

On November 5, 2009, Reynolds Group Issuer LLC, Reynolds Group Issuer Inc. and Reynolds Group Issuer (Luxembourg) S.A., (together the "Reynolds Issuers") issued US$1,125.0 million principal amount of 7.75% senior secured notes due 2016 and €450.0 million principal amount of 7.75% senior secured notes due 2016 (collectively, the "2009 Notes"). Interest on the 2009 Notes is paid semi-annually on April 15 and October 15. Interest payments commenced on April 15, 2010. All of the guarantors of the 2009 Credit Agreement have also guaranteed the 2009 Notes. The guarantors (other than the entities organised in Costa Rica and Japan) have granted security over certain of their assets to support the obligations under the 2009 Notes. Security interests in the shares or other membership interests of these guarantors (other than the Company and a subsidiary organised in Japan) have been granted to support the obligations under the 2009 Notes. The security is shared on a first priority basis with the lenders under the 2009 Credit Agreement (refer to (g) above).

The indenture for the 2009 Notes contains customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the indenture for the 2009 Notes.

Pursuant to a registration rights agreement, the Reynolds Issuers have agreed (i) to file with the U.S. Securities and Exchange Commission ("SEC") an exchange offer registration statement pursuant to which the Reynolds Issuers will exchange the 2009 Notes for a like aggregate principal amount of new registered notes that are identical in all material respects to the 2009 Notes, except for certain provisions, among others, relating to additional interest and transfer restrictions or (ii) under certain circumstances, to file a shelf registration statement with the SEC with respect to the 2009 Notes. Under certain circumstances if the Reynolds Issuers do not meet their obligations under the registration rights agreement the Reynolds Issuers may be required to pay penalty interest of up to a maximum of 1.00% per annum. If applicable, penalty interest would commence from November 5, 2010.

The Reynolds Issuers, at their option, can elect to redeem the 2009 Notes under terms and conditions specified in the indenture. The terms of the early redemption constitute an embedded derivative. In accordance with the Group's accounting policy for embedded derivatives, the Group has recognised an embedded derivative in relation to the redemption provisions of the 2009 Notes.

In certain circumstances which would constitute a change in control, the holders of the 2009 Notes have the right to require the Reynolds Issuers to repurchase the 2009 Notes at a premium.

(i) 2007 Senior Notes and 2007 Senior Subordinated Notes

On June 29, 2007, Beverage Packaging Holdings (Luxembourg) II S.A ("BP II"), issued €480.0 million principal amount of 8% senior notes due 2016 (the "2007 Senior Notes") and €420.0 million principal amount of 9.5% senior subordinated notes due 2017 (the "2007 Senior Subordinated Notes" and together with the 2007 Senior Notes, the "2007 Notes"). BP II pays interest on the 2007 Notes semi-annually on June 15 and December 15. The 2007 Senior Notes are secured on a second-priority basis and the 2007 Senior Subordinated Notes are secured on a third-priority basis, by all of the equity interests of Beverage Packaging Holdings (Luxembourg) I S.A. ("BP I") held by the Company and the receivables under loans of the proceeds of the 2007 Notes made by BP II to BP I. Since November 5, 2009 all of the guarantors of the 2009 Credit Agreement have also guaranteed the 2007 Notes.

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

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

(j) 2010 8.5% Senior Unsecured Notes

On May 4, 2010, the Reynolds Issuers issued US$1,000.0 million principal amount of 8.5% senior unsecured notes due 2018 (the "2010 Notes"). Interest on the 2010 Notes is paid semi-annually on May 15 and November 15, commencing on November 15, 2010. The Company and certain members of the Group in Australia, Brazil, the British Virgin Islands, Canada, Costa Rica, Germany, Guernsey, Hong Kong, Hungary, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Switzerland, the United Kingdom and the United States have guaranteed on a senior basis the obligations under the 2010 Notes to the extent permitted by law.

Pursuant to a registration rights agreement, the Reynolds Issuers have agreed (i) to file with the SEC an exchange offer registration statement pursuant to which the Reynolds Issuers will exchange the 2010 Notes for a like aggregate principal amount of new registered notes that are identical in all material respects to the 2010 Notes, except for certain provisions, among others, relating to additional interest and transfer restrictions or (ii) under certain circumstances, to file a shelf registration statement with the SEC with respect to the 2010 Notes. Under certain circumstances if the Reynolds Issuers do not meet their obligations under the registration rights agreement the Reynolds Issuers may be required to pay penalty interest of up to a maximum of 1.00% per annum. If applicable, penalty interest would commence from May 4, 2011.

The indenture for the 2010 Notes contains customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the indenture for the 2010 Notes.

The Reynolds Issuers, at their option, can elect to redeem the 2010 Notes under terms and conditions specified in the indenture. The terms of the early redemption constitute an embedded derivative. In accordance with the Group's accounting policy for embedded derivatives, the Group has recognised an embedded derivative in relation to the redemption provisions of the 2010 Notes.

In certain circumstances which would constitute a change in control, the holders of the 2010 Notes have the right to require the Reynolds Issuers to repurchase the 2010 Notes at a premium.

(k) CHH Facility

During the six month period ended June 30, 2010, EPI and Evergreen Packaging Canada Limited ("EPCL") were borrowers under a syndicated multi-option facility agreement dated December 18, 2006 as amended (the "CHH Facility"). The other borrowers under the CHH Facility are Carter Holt Harvey Limited ("CHHL"), Carter Holt Harvey Finance Australia Pty Limited, Evergreen Packaging US, Evergreen Packaging New Zealand Limited and Evergreen Packaging Holdings Limited. EPI and EPCL were released as borrowers on May 3, 2010 in connection with the Group's acquisition of EPI, Evergreen Packaging (Luxembourg) S.à r.l. and their respective subsidiaries (the "Evergreen Group") from CHHL.

The CHH Facility is comprised of a revolving tranche of US$100.0 million and term tranches of NZ$1,800.0 million, NZ$200.0 million, NZ$200.0 million and US$425.0 million, as reduced in accordance with the terms of the CHH Facility. The CHH Facility is for a five year term maturing in January 2012. Amounts borrowed under the CHH Facility are secured by way of cross guarantees from certain members of the group comprised of CHHL, Building Supplies Group Holdings Pty Limited and their respective subsidiaries (the "Combined Group") and first ranking security interests. Security includes real property mortgages over certain strategic land holdings, debenture security provided directly by certain members the Combined Group 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 on a second ranking basis by certain New Zealand guarantors.

The securities and guarantees in respect of the CHH Facility that had been granted by certain members of the Evergreen Group were released on May 4, 2010, in connection with the Group's acquisition of the Evergreen Group from CHHL. As at December 31, 2009 the CHH Facility was drawn in the amount of NZ$773.6 million (€390.9 million), US$29.6 million (€20.6 million) and CA$29.7 million (€19.7 million).

(l) Blue Ridge Facility

During the period Blue Ridge Paper Products, Inc. ("Blue Ridge"), was the borrower under a US$50.0 million revolving credit agreement dated as of December 17, 2003 among Blue Ridge, BRPP, LLC and General Electric Capital Corporation, as agent and lender (the "GE Agreement"). The GE Agreement was repaid in full on May 3, 2010, prior to the Group's acquisition of Blue Ridge from CHHL. As at December 31, 2009 the GE Facility was drawn in the amount of US$43.1 million (€30.0 million).

(m) Other borrowings

In addition to the 2009 Credit Agreement, as amended, the 2009 Notes, the 2007 Notes and the 2010 Notes, the Group has a number of unsecured working capital facilities extended to certain operating companies of the Group. These facilities can bear interest at floating or fixed rates.

At June 30, 2010 the Group had local working capital facilities in a number of jurisdictions which are secured by the collateral under the 2009 Credit Agreement, the 2009 Notes and certain other assets. The local working capital facilities which are secured by the collateral under the 2009 Credit Agreement and the 2009 Notes rank pari passu with the obligations under the 2009 Credit Agreement and the 2009 Notes. At June 30, 2010, the secured facilities were utilised in the amount of €5.1 million in the form of short term bank overdrafts, letters of credit and bank guarantees.

Assets pledged as security for loans and borrowings

As a result of the pledge of the shares in BP I (a wholly owned subsidiary of the Company), the carrying values of the assets pledged as collateral under the 2009 Credit Agreement and the 2009 Notes equates to the assets of the Group.

16. Provisions

As at					
In millions of €	**Legal & warranty**	**Restructuring**	**Workers' compensation**	**Other**	**Total**
Current	15.8	16.5	5.7	5.1	43.1
Non-current	19.2	0.8	0.1	4.7	24.8
Total provisions at June 30, 2010	**35.0**	**17.3**	**5.8**	**9.8**	**67.9**
Current	16.6	23.4	4.5	3.3	47.8
Non-current	19.0	1.9	0.1	4.2	25.2
Total provisions at December 31, 2009	**35.6**	**25.3**	**4.6**	**7.5**	**73.0**

17. Equity and reserves

17.1 Share capital

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

Reynolds Group Holdings Limited

For the period ended		
Number of shares	**Six months ended June 30, 2010**	**Twelve months ended December 31, 2009**
Balance at the beginning of the period	111,000,003	51,000,001
Issue of shares	-	60,000,002
Balance	**111,000,003**	**111,000,003**

On November 6, 2009, the Company issued to its sole shareholder, Packaging Finance Limited ("PFL"), 1 fully paid ordinary share at an issue price of NZ$760.4 million (€368.6 million).

On September 29, 2009 loans payable by the Company to BPC Finance (N.Z.) Limited ("BPCF") in the amount of NZ$478.3 million (€234.5 million), CHHL in the amount of NZ$472.5 million (€231.6 million) and Packaging Holdings Limited ("PHL") in the amount of NZ$95.9 million (€47.0 million) were novated in exchange for the issue of 1 ordinary share to PFL at an issue price of NZ$1,046.7 million (€513.1 million).

On August 14, 2009, the Company issued to its sole shareholder, PFL, 60,000,000 fully paid ordinary shares at an issue price of NZ$1.00 per share (total NZ$60.0 million or €28.4 million) in exchange for payment of outstanding related party borrowings.

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

Evergreen Packaging Inc.

For the period ended

Number of shares	Six months ended June 30, 2010	Twelve months ended December 31, 2009
Balance at the beginning of the period	1,000	1,000
Issue of shares	640	-
Balance	**1,640**	**1,000**

On May 3, 2010, EPI issued to Evergreen Packaging US, its parent company at the time of issue, 640 fully paid shares of common stock at an issue price of US$0.01 per share and received a capital contribution of US$624.6 million (€472.9 million).

On January 7, 2009, EPI received US$12.0 million (€8.9 million) in consideration for the issuance of 405 shares to Evergreen Packaging US.

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 EPI's residual assets in the event of a wind-up.

Evergreen Packaging International B.V.

For the period ended

Number of shares	Six months ended June 30, 2010	Twelve months ended December 31, 2009
Balance at the beginning of the period	186	186
Issue of shares	-	-
Balance	**186**	**186**

On February 19, 2009, EPIBV's parent company at the time, Evergreen Packaging (Antilles) N.V., contributed €47.4 million as a non-stipulated share premium without the issuance of 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 EPIBV's residual assets in the event of a wind-up.

17.2 Reserves

As at

In millions of €	June 30, 2010	December 31, 2009
Translation reserve	291.6	52.1
Other reserves	(1,096.0)	(416.1)
Balance	**(804.4)**	**(364.0)**

(a) Translation reserve

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

(b) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. On November 5, 2009, the 2007 SIG Senior Credit Facilities were repaid in full, and as a result the interest rate hedges became ineffective. In accordance with IAS 39 "Financial Instruments: Recognition and Measurement", the cumulative hedge reserve balance at November 5, 2009 was transferred to the profit and loss section of the statements of comprehensive income.

(c) Other reserves

The other reserves comprise balances resulting from business combinations with entities under common control. In accordance with the Group's accounting policy for business combinations under common control, the Group has recognised in other reserves the difference between the purchase price paid for the businesses acquired and the carrying values of the share capital of the parent companies acquired for the transactions which occurred on November 5, 2009 and May 4, 2010.

17.3 Dividends

There were no dividends declared or paid by the Company during the six month period ended June 30, 2010 (2009: nil).

18. Related parties

Parent and ultimate controlling party

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

Related party transactions

The entities, the nature of the relationship and the types of transactions with which the Group entered into related party transactions during the six month period ended June 30, 2010 are detailed below:

Entity name	Nature of relationship	Nature of transactions
Packaging Holdings Limited	Ultimate parent	Financing (loan), funding [d]
BPC Finance (N.Z.) Limited	Common ultimate shareholder	Transfer of tax losses
BPC United States Inc.	Common ultimate shareholder	Management fees, trade payables, loan to related party, sale of property, plant and equipment [g] [i]
Burns Philp Canada Group Limited	Common ultimate shareholder	Loan to related party[h]
Carter Holt Harvey Limited	Common ultimate shareholder	Trade receivables, trade payables, loans from related party, transfer of tax losses, interest expense, sale of goods, settlement of loan, acquisition of Whakatane Paper Mill [c] [j]
Carter Holt Harvey Packaging Pty Limited	Common ultimate shareholder	Trade payables
Carter Holt Harvey Pulp & Paper Limited	Common ultimate shareholder	Trade receivables, trade payables, sale of goods
Closure Systems International (NZ) Limited	Common ultimate shareholder	Trade payables
Evergreen Packaging New Zealand Limited	Common ultimate shareholder	Trade payables, loan from related party, settlement of loan[k]
Evergreen Packaging US	Common ultimate shareholder	Trade payables
Ivex Holdings, Ltd.	Common ultimate shareholder	Loans from related party with interest at GBP LIBOR + 0.5%, settlement of loan
Kama Europe Limited	Common ultimate shareholder	Trade receivables
Nerva Investments Limited	Common ultimate shareholder	Transfer of tax losses
Rank Group Investments Limited	Common ultimate shareholder	Transfer of tax losses
Rank Group Limited	Common ultimate shareholder	Trade payables, loan to related party, interest income, reimbursement of marketing expenses[b]
Reynolds Consumer Products (NZ) Limited	Common ultimate shareholder	Trade receivables, loan from related party with interest at 6.21%
Reynolds Food Packaging Canada Inc.	Common ultimate shareholder	Trade receivables, trade payables
Reynolds Food Packaging LLC	Common ultimate shareholder	Trade payables, trade receivables, purchase of goods, loan from related party with interest at USD Libor + 4.5%, settlement of loan, recharges[e] [f]
Reynolds Packaging (NZ) Limited	Common ultimate shareholder	Trade payables
Reynolds Packaging Group (NZ) Limited	Common ultimate shareholder	Trade payables
Reynolds Packaging Inc.	Common ultimate shareholder	Trade receivables, trade payables
Reynolds Packaging International B.V.	Common ultimate shareholder	Loans from related party with interest at 5.04% - 6.33%, settlement of loan [f]
Reynolds Packaging Kama Inc.	Common ultimate shareholder	Trade payables, trade receivables, recharges
Reynolds Packaging LLC	Common ultimate shareholder	Loans from related party with interest at USD Libor+ 4.5% , trade payables, trade receivables, non-current receivable, recharges, settlement of loan[e] [f]
Reynolds Treasury (NZ) Limited	Common ultimate shareholder	Loans from related party with interest at USD Libor + 4.5%, collection of cash and payment of suppliers
SIG Combibloc Obeikan FZCO	Joint venture	Sales of goods[a]
SIG Combibloc Obeikan Company Limited	Joint venture	Production[a]
Ultra Pac, Inc.	Common ultimate shareholder	Trade receivables, trade payables

In millions of €	Transaction values for the period ended June 30,		Balances outstanding as at	
	2010	**2009**	**June 30, 2010**	**December 31, 2009**
Transactions with the immediate and ultimate parent companies				
Interest due to ultimate parent[d]	-	0.7	(0.6)	(0.5)
Funding	(0.1)	-	-	-
Transactions with joint ventures				
Sale of goods[a]	35.6	31.3	25.4	16.7
Purchase of goods[a]	-	-	(1.1)	(2.6)
Transactions with other related parties				
Trade receivables				
BPC United States Inc.	0.4	0.2	0.5	0.1
Sale of property, plant and equipment	2.1	-	-	-
Carter Holt Harvey Limited	-	-	5.1	-
Sale of goods	7.0	-	-	-
Carter Holt Harvey Pulp & Paper Limited	-	-	0.6	-
Sale of goods	0.5	-	-	-
Kama Europe Limited	0.1	-	0.1	-
Rank Group Limited – reimbursement of marketing expenses	-	5.4	-	-
Reynolds Consumer Products (NZ) Limited	-	-	-	1.8
Reynolds Food Packaging Canada Inc.	1.1	-	1.0	1.0
Sale of goods	-	0.4	-	-
Reynolds Food Packaging LLC	-	-	32.0	21.9
Recharges[e]	13.0	9.4	-	-
Sale of goods	14.2	12.7	-	-
Reynolds Packaging Inc.	-	-	5.2	13.8
Recharges	8.5	1.7	-	-
Sale of goods	2.0	-	-	-
Reynolds Packaging Kama Inc.	0.1	-	5.9	4.1
Recharges	2.7	5.4	-	-
Reynolds Packaging LLC	-		66.3	27.9
Recharges[e]	14.3	27.1	-	-
Sale of goods	0.1	0.5	-	-
Ultra Pac, Inc.	-	-	3.0	3.0
Recharges	0.6	2.4	-	-
Trade payables				
BPC United States Inc.	-	-	(0.7)	-
Management fees	(0.6)	(0.9)	-	-
Carter Holt Harvey Limited	-	-	(1.0)	(0.1)
Purchase of Whakatane Paper Mill[j]	(34.6)	-	-	-
Purchase of goods	(1.1)	-	-	-
Carter Holt Harvey Packaging Pty Limited	-	-	(0.2)	-
Carter Holt Harvey Pulp & Paper Limited	-	-	(3.3)	-
Purchase of goods	(5.7)	-	-	-
Closure Systems International (NZ) Limited	-	-	-	(5.2)
Evergreen Packaging New Zealand Limited	(13.7)	-	(13.7)	-
Evergreen Packaging US	(8.6)	-	(8.6)	-
Rank Group Limited	-	-	(0.1)	(0.1)
Reynolds Food Packaging Canada Inc.	-	-	(1.0)	(0.4)
Recharges	(0.6)	(0.3)	-	-
Reynolds Food Packaging LLC	-	-	(18.5)	(13.0)
Advances	-	-	-	-
Recharges	(0.5)	(0.5)	-	-
Purchase of goods	(6.1)	(2.4)	-	-
Reynolds Packaging (NZ) Limited	(0.5)	(0.4)	(0.5)	(0.4)
Reynolds Packaging Group (NZ) Limited	(0.3)	(0.5)	(0.3)	(0.4)
Reynolds Packaging Inc.	-	-	(0.1)	(0.2)
Recharges	(0.3)	-	-	-
Reynolds Packaging Kama Inc.	(2.7)	-	(5.1)	(1.0)
Reynolds Packaging LLC	-	-	(38.1)	(27.6)
Recharges	(4.5)	(4.5)	-	-
Purchase of goods	(18.5)	(16.1)	-	-

In millions of €		Transaction values for the period ended June 30,		Balances outstanding as at	
		2010	2009	June 30, 2010	December 31, 2009
Reynolds Treasury (NZ) Limited		-	-	-	(0.5)
Collection of cash and payment of suppliers		-	(12.5)	-	-
Interest charged		-	(1.0)	-	-
Repayment		-	-	-	-
Ultra Pac, Inc.		-	(0.3)	(0.4)	(0.3)
Loans receivable					
BPC United States Inc.[(g)]		-	-	-	8.2
Burns Philp Canada Group Limited[(h)]		-	-	-	0.2
Rank Group Limited [(b)]		-	-	181.6	157.5
Interest received		5.1	4.1	-	-
Reynolds Packaging LLC		-	-	-	17.9
Loans payable					
Carter Holt Harvey Limited [(c)]		-		-	-
Interest charged		-	(9.5)	-	-
Advances from related party		-	(12.5)	-	-
Settlements			5.0		
Evergreen Packaging New Zealand Limited[(k)]		-	-	-	-
Interest charged		-	(0.2)	-	-
Settlements		-	2.4	-	-
Ivex Holdings, Ltd.		-		-	-
Settlements		-	0.8	-	-
Reynolds Consumer Products (NZ) Limited		-		-	-
Interest charged		-	(2.7)	-	-
Reynolds Food Packaging LLC[(f)]		-		-	-
Interest charged		-	(0.7)	-	-
Advances from related party		-	(31.6)	-	-
Settlements		-	24.4	-	-
Reynolds Packaging International B.V. [(f)]		-		-	-
Interest charged		-	(0.2)	-	-
Advances from related party	-	-	(4.6)	-	-
Settlements	-	-	10.6	-	-
Reynolds Packaging LLC[(f)]		-		-	(1.0)
Interest charged			(0.7)	-	-
Settlements		-	0.1	-	-
Receivable related to transfer of tax losses to:					
Carter Holt Harvey Limited		3.3	-	3.6	-
Payables related to transfer of tax losses from:					
BPC Finance (N.Z.) Limited		-	(8.6)	(2.4)	(10.8)
Nerva Investments Limited		-	(6.9)	-	(8.6)
Rank Group Investments Limited		-	(0.7)	(0.9)	(0.8)

(a) All transactions with joint ventures are conducted on an arm's length basis and are settled in cash. Sales of services are negotiated on a cost-plus basis allowing a margin ranging from 3% to 6%. All amounts are unsecured, non-interest bearing and repayable on demand.

(b) The advance due from Rank Group Limited accrued interest at a rate based on the average three month New Zealand bank bill rate, set quarterly, plus a margin of 3.25%. Interest is only charged or accrued if demanded by the lender. During the period interest was charged at 5.98% to 6.13% (2009: 6.16% to 6.92%). The advance is unsecured and repayable on demand. This loan is subordinated on terms such that no payments can be made until the obligations under a senior secured credit facility as amended and restated on June 3, 2010 is repaid in full.

(c) The following intercompany loans involved CHHL:

(i) On September 29, 2009, loans payable by the Group to BPCF in the amount of NZ$478.3 million (€234.5 million), CHHL in the amount of NZ$472.5 million (€231.6 million) and PHL in the amount of NZ$95.9 million (€47.0 million) were novated in exchange for the issue of 1 ordinary share to PFL at an issue price of NZ$1,046.7 million (€513.1 million). Prior to novation, the advance due to CHHL bore interest at a rate based on the average three month New Zealand bank bill rate plus a margin of 4%. During the six month period ended June 30, 2009, interest was charged at 6.91% to 7.67%.

(ii) Intercompany loans arising from a Payment in Kind (PIK) note which provided for interest based upon a fixed rate of 9%, compounded semi- annually.

(iii) Intercompany loan bearing interest at the US Bill Rate plus a margin of 1.75%. Interest of 2.8% was charged during the period. Amounts are unsecured and payable on demand.

(iv) This amount bore interest at the AFR rate with interest of 0.6% to 0.8% charged during the six month period ended June 30, 2009.

(v) On February 19, 2009, CHHL assigned a loan payable by the Group of €47.4 million to Evergreen Packaging Holdings Limited for an issue of shares, subsequently assigned to Evergreen Packaging New Zealand Limited and then to Evergreen Packaging Antilles N.V. for an issue of shares and converted to equity in Evergreen Packaging International B.V. (a member of the Group). Refer to note 17.

(d) The advance due to PHL is non-interest bearing, unsecured and repayable on demand.

(e) Certain employees of related entities are included within the defined benefit and post-employment medical plans of the Group. During the six month period ended June 30, 2010, as a component of recharges, the Group charged €0.7 million (2009: €1.1 million) and €1.5 million (2009: €1.0 million) to these entities in respect of the costs of the defined benefit and post-employment medical benefit plans, respectively.

(f) During the six month period ended June 30, 2009, certain related party trade balances were netted through certain loan accounts. The activity through these accounts includes recharges, corporate allocations and the sale and purchase of goods. The netting activity through the loan accounts resulted in increases in the loans payables to Reynolds Food Packaging LLC (€27.3 million) and Reynolds Packaging LLC (€31.1 million) as at June 30, 2009. These loans were subsequently settled or transferred to related party trade payables in 2009.

(g) The advance due from BPC United States Inc. accrued interest at a rate based upon the AFR rate, set monthly with interest of 0.6% to 0.8% charged during the six month period ended June 30, 2009. Amounts are unsecured and payable on demand.

(h) The advance due from Burns Philp Canada Group Limited is non-interest bearing and unsecured.

(i) On April 29, 2010, Blue Ridge Paper Products Inc. sold land and buildings held in Richmond to BPC United States Inc. The consideration paid was the net book value of the assets at the date of sale, being US$2.7 million (€2.1 million) with settlement being made on the date of sale.

(j) On May 4, 2010, the Group acquired the Whakatane Paper Mill for a purchase price of US$48.0 million (€36.4 million), being the fair value of the net assets at the date purchased, from CHHL. The consideration paid to the seller of the assets was subject to certain post closing adjustments relating to the closing net working capital, reimbursable wages and other stub period adjustments. The post-closing adjustment resulted in CHHL owing the Group an amount of US$2.2 million (€1.7 million) which was paid on June 25, 2010.

(k) The balances due to Evergreen Packaging New Zealand Limited comprised:

(i) a US$ bond bearing interest at a fixed rate of 6.9%.

(ii) a US$ loan bearing interest at a rate based upon the three month LIBOR, set quarterly, plus a margin of 1.75%. During the period ended June 30, 2009 interest ranged from 2.0% to 3.0%.

(iii) a US$ loan bearing interest at a rate based upon the one-month LIBOR, set monthly plus a margin of 1.75%.

19. Business combinations

Closure Systems International Americas, Inc.

On February 1, 2010, the Group purchased 100% of the issued capital of Obrist Americas, Inc., a U.S. manufacturer of plastic non-dispensing screw closures for carbonated soft drinks and water containers. The cash consideration paid on closing of US$35.1 million (€25.1 million) was subject to certain post-closing adjustments which were settled during the current period and increased the purchase price by a further US$1.1 million (€0.8 million). The acquired company was subsequently renamed Closure Systems International Americas, Inc. ("CSI Americas").

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

In millions of €	
Cash and cash equivalents	7.7
Trade and other receivables	1.5
Inventories	7.7
Other current assets	0.1
Property, plant and equipment	11.1
Intangible assets	2.4
Trade and other payables	(4.2)
Provisions	(0.1)
Employee benefits	(0.3)
Net assets acquired	25.9
Difference between net assets acquired and consideration paid	-
Consideration paid, settled in cash	25.9
Cash acquired	(7.7)
Net cash outflow	**18.2**

The preliminary values of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values. The fair values of all of the items listed above have been determined on a provisional basis, pending completion of independent valuations and U.S. GAAP to IFRS accounting policy analysis.

The acquisition of CSI Americas contributed revenue of US$22.5 million (€17.3 million) and a net loss of US$2.3 million (€1.8 million) to the Group for the period ended June 30, 2010. If the purchase had occurred on January 1, 2010, management estimates that CSI Americas would have contributed additional revenue of US$3.8 million (€2.6 million), additional EBITDA of $2.6 million (€1.9 million) and additional profit of US$1.1 million (€0.8 million). In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2010.

The Group expects to finalise the purchase price accounting adjustments within 12 months of the date of acquisition.

For the six month period ended June 30, 2010, the Group incurred acquisition related costs of €0.9 million which have been expensed in the Group's statements of comprehensive income. The Group and the seller are party to a transition services agreement under which the Group will pay the seller for administrative services until CSI Americas is fully integrated within the Group. For the six month period ended June 30, 2010, the Group incurred costs of €0.3 million related to these transition services.

20. Business combinations under common control

Evergreen Packaging Group

On May 4, 2010, the Group acquired the business operations of Evergreen from subsidiaries of Rank Group Limited. At the time of this transaction, both the Group and Evergreen were owned by a common ultimate sole shareholder, Mr. Graeme Hart.

The original acquisitions of the Evergreen businesses were completed between January 31, 2007 and July 31, 2007.

As at May 4, 2010, the effect of the legal consummation of the acquisition was as follows:

In millions of €	
Consideration paid in cash**	1,202.4
Plus working capital adjustments unpaid as at June 30, 2010 (net of movements in foreign exchange)	18.6
Total consideration	1,221.0
Net book value of share capital of the acquired businesses	(541.1)
Difference between total consideration and net book value of share capital of acquired businesses*	**679.9**

Closures and Reynolds Consumer businesses

On November 5, 2009, the Group acquired the business operations of the Closures and Reynolds Consumer segments from subsidiaries of Reynolds (NZ) Limited ("Reynolds"). At the time of this transaction, both the Group and Reynolds were owned by a common ultimate sole shareholder, Mr. Graeme Hart.

The original acquisition of the Closures and Reynolds Consumer businesses was substantially completed on February 29, 2008.

As at November 5, 2009, the effect of the legal consummation of the acquisition was as follows:

In millions of €	
Consideration paid in cash**	1,143.2
Plus working capital adjustments unpaid as at December 31, 2009 and paid in 2010	3.4
Total consideration	1,146.6
Net book value of share capital of the acquired businesses	(747.9)
Difference between total consideration and net book value of share capital of acquired businesses*	**398.7**

* In accordance with the Group's accounting policy for acquisitions under common control, the difference between the share capital of the acquired businesses and the consideration paid has been recognised directly in equity as part of other reserves.

** The Group has accounted for the acquisition under the principles of common control. As a result, the cash acquired as part of the acquisition is already included in the Group's cash balance and does not form part of the net cash outflow. Further, the results of operations of the businesses acquired are included in the statements of comprehensive income from January 31, 2007 for Evergreen and from February 29, 2008 for Reynolds Consumer and Closures.

21. Contingencies

	As at	
In millions of €	**June 30, 2010**	**December 31, 2009**
Contingent liabilities	22.9	22.3

The contingent liabilities primarily arise from the guarantees given to banks granting credit facilities to the Group's joint venture company, SIG Combibloc Obeikan Company Limited, in Riyadh, Kingdom of Saudi Arabia.

Litigation and legal proceedings

The Group is subject to litigation in the ordinary course of operations, for which a provision has been recognised. 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.

Security and guarantee arrangements

Certain members of the Group have entered into a guarantee and security arrangement in respect of the Group's indebtedness as described in note 15.

22. Filling machines

The Group sells some of its filling machines to third party finance companies, which then lease the machines to customers. Filling machines may be replaced or returned due to changes in customers' demands or technological progress. These machines are usually refurbished and resold. Returned machines are recognised as a component of inventories. The related financial risks are evaluated annually based on the net present value of future lease income, and, if necessary, provisions are recognised. As at June 30, 2010, provisions were not required to be recognised. If the Group were to become obligated to buy back filling machines from customers, there is a potential maximum exposure of €49.1 million (December 31, 2009: €60.4 million).

23. Condensed consolidating guarantor financial information

The following condensed consolidating financial information presents:

(1) The condensed consolidating statements of financial position as at June 30, 2010 and December 31, 2009 and the related statements of financial performance for the periods ended June 30, 2010 and 2009, of:

a. Reynolds Group Holdings Limited, the Parent;
b. Reynolds Group Issuer (Luxembourg) S.A., Reynolds Group Issuer Inc. and Reynolds Group Issuer LLC, the issuers of the 2010 Notes and the 2009 Notes (together the "Issuers");
c. the other guarantor subsidiaries;
d. the non-guarantor subsidiaries; and
e. the Group on a consolidated basis.

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

Provided below are the statements of financial performance and financial position of each of the companies listed above, together with the statements of financial performance and financial position of guarantor and non-guarantor subsidiaries. These statements have been prepared under the Group's accounting policies disclosed in note 2 and comply with International Financial Reporting Standards. The financial information in respect of the Parent, the Issuers, the other guarantor subsidiaries and the non-guarantor subsidiaries has been prepared with all subsidiaries accounted for on the cost basis. The other guarantor subsidiaries and non-guarantor subsidiaries are each presented on a combined basis. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions.

Reynolds Group Holdings Limited

Notes to the interim unaudited condensed financial statements
For the three and six month periods ended June 30, 2010

Condensed consolidating statement of financial performance
For the six month period ended June 30, 2010

In millions of €	Parent	Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	Consolidated
Revenue	-	-	1,909.8	307.1	(112.4)	2,104.5
Cost of sales	-	-	(1,590.3)	(248.3)	112.4	(1,726.2)
Gross profit	**-**	**-**	**319.5**	**58.8**	**-**	**378.3**
Other income, other expenses and share of profit of associates and joint ventures, net of income tax (equity method)	-	(0.6)	(2.2)	0.9	(2.0)	(3.9)
Selling, marketing and distribution expenses	-	-	(57.9)	(9.4)	-	(67.3)
General and administration expenses	(0.5)	-	(117.5)	(6.4)	-	(124.4)
Profit (loss) from operating activities ("EBIT")	**(0.5)**	**(0.6)**	**141.9**	**43.9**	**(2.0)**	**182.7**
Financial income	5.1	53.0	2.0	41.1	(94.8)	6.4
Financial expenses	(1.3)	(72.8)	(250.6)	(40.9)	94.8	(270.8)
Net financial expenses	**3.8**	**(19.8)**	**(248.6)**	**0.2**	**-**	**(264.4)**
Profit (loss) before income tax	**3.3**	**(20.4)**	**(106.7)**	**44.1**	**(2.0)**	**(81.7)**
Income tax benefit (expense)	(1.0)	4.3	(17.8)	(7.1)	-	(21.6)
Profit (loss) for the period	**2.3**	**(16.1)**	**(124.5)**	**37.0**	**(2.0)**	**(103.3)**
EBIT	(0.5)	(0.6)	141.9	43.9	(2.0)	182.7
Depreciation and amortisation	-	-	138.9	21.3	-	160.2
EBITDA	**(0.5)**	**(0.6)**	**280.8**	**65.2**	**(2.0)**	**342.9**

Condensed consolidating statement of financial position
As at June 30, 2010

In millions of €	Parent	Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	Consolidated
Assets						
Cash and cash equivalents	0.6	0.3	365.1	89.5	-	455.5
Trade and other receivables	3.6	-	497.1	114.3	-	615.0
Inventories	-	-	525.4	73.4	-	598.8
Other assets	0.7	-	57.5	20.2	-	78.4
Total current assets	**4.9**	**0.3**	**1,445.1**	**297.4**	**-**	**1,747.7**
Investments in associates and joint ventures (equity method)	-	-	2.0	77.5	-	79.5
Investment in subsidiaries (cost method)	854.1	-	478.3	-	(1,332.4)	-
Property, plant and equipment	-	-	1,134.5	229.2	-	1,363.7
Investment properties	-	-	46.5	-	-	46.5
Intangible assets	-	-	2,392.2	114.1	-	2,506.3
Intra-group receivables	11.5	2,117.1	98.8	997.6	(3,225.0)	-
Other assets	181.6	17.1	130.5	19.9	-	349.1
Total non-current assets	**1,047.2**	**2,134.2**	**4,282.8**	**1,438.3**	**(4,557.4)**	**4,345.1**
Total assets	**1,052.1**	**2,134.5**	**5,727.9**	**1,735.7**	**(4,557.4)**	**6,092.8**
Liabilities						
Trade and other payables	3.6	33.0	548.8	124.1	-	709.5
Borrowings	0.6	-	47.0	1.9	-	49.5
Other liabilities	-	-	164.4	17.5	-	181.9
Total current liabilities	**4.2**	**33.0**	**760.2**	**143.5**	**-**	**940.9**
Borrowings	-	2,110.0	1,642.9	874.1	-	4,627.0
Intra-group liabilities	-	8.4	3,122.6	94.0	(3,225.0)	-
Other liabilities	-	-	511.5	30.7	-	542.2
Total non-current liabilities	**-**	**2,118.4**	**5,277.0**	**998.8**	**(3,225.0)**	**5,169.2**
Total liabilities	**4.2**	**2,151.4**	**6,037.2**	**1,142.3**	**(3,225.0)**	**6,110.1**
Net assets	**1,047.9**	**(16.9)**	**(309.3)**	**593.4**	**(1,332.4)**	**(17.3)**
Equity						
Equity attributable to equity holder of the Group	1,047.9	(16.9)	(309.3)	593.4	(1,340.7)	(25.6)
Minority interests	-	-	-	-	8.3	8.3
Total equity	**1,047.9**	**(16.9)**	**(309.3)**	**593.4**	**(1,332.4)**	**(17.3)**

Condensed consolidating statement of financial performance
For the six month period ended June 30, 2009

In millions of €	Parent	Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	Consolidated
Revenue	-	-	1,746.9	247.0	(85.2)	1,908.7
Cost of sales	-	-	(1,425.3)	(198.3)	85.2	(1,538.4)
Gross profit	**-**	**-**	**321.6**	**48.7**	**-**	**370.3**
Other income, other expenses and share of profit of associates and joint ventures, net of income tax (equity method)	-	-	90.4	2.5	(33.6)	59.3
Selling, marketing and distribution expenses	-	-	(58.2)	(10.5)	-	(68.7)
General and administration expenses	-	-	(142.9)	(9.5)	33.1	(119.3)
Profit (loss) from operating activities	**-**	**-**	**210.9**	**31.2**	**(0.5)**	**241.6**
Financial income	4.3	-	3.0	43.1	(44.4)	6.0
Financial expenses	(8.1)	-	(151.7)	(49.2)	44.4	(164.6)
Net financial expenses	**(3.8)**	**-**	**(148.7)**	**(6.1)**	**-**	**(158.6)**
Profit (loss) before income tax	**(3.8)**	**-**	**62.2**	**25.1**	**(0.5)**	**83.0**
Income tax benefit (expense)	1.1	-	(45.1)	(3.8)	-	(47.8)
Profit (loss) for the period	**(2.7)**	**-**	**17.1**	**21.3**	**(0.5)**	**35.2**
EBIT	**-**	**-**	**210.9**	**31.2**	**(0.5)**	**241.6**
Depreciation and amortisation	-	-	144.0	18.0	-	162.0
EBITDA	**-**	**-**	**354.9**	**49.2**	**(0.5)**	**403.6**

Condensed consolidating statement of financial position
As at December 31, 2009

In millions of €	Parent	Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	Consolidated
Assets						
Cash and cash equivalents	0.5	8.0	246.6	77.9	-	333.0
Trade and other receivables	-	-	400.2	84.5	-	484.7
Inventories	-	-	413.6	56.0	-	469.6
Other assets	5.0	-	43.5	11.9	-	60.4
Total current assets	**5.5**	**8.0**	**1,103.9**	**230.3**	**-**	**1,347.7**
Investments in associates and joint ventures (equity method)	-	-	2.0	67.9	-	69.9
Investments in subsidiaries (cost method)	760.8	-	448.8	-	(1,209.6)	-
Property, plant and equipment	-	-	989.3	195.2	-	1,184.5
Investment property	-	-	53.1	-	-	53.1
Intangible assets	-	-	2,169.5	104.7	-	2,274.2
Intra-group receivables	11.4	1,176.7	85.2	982.0	(2,255.3)	-
Other assets	157.5	12.0	133.3	18.9	-	321.7
Total non-current assets	**929.7**	**1,188.7**	**3,881.2**	**1,368.7**	**(3,464.9)**	**3,903.4**
Total assets	**935.2**	**1,196.7**	**4,985.1**	**1,599.0**	**(3,464.9)**	**5,251.1**
Liabilities						
Trade and other payables	3.0	-	443.9	88.7	-	536.6
Borrowings	0.5	-	76.7	1.9	-	79.1
Other liabilities	0.5	22.4	131.9	14.1	-	168.9
Total current liabilities	**4.0**	**22.4**	**652.5**	**104.7**	**-**	**783.6**
Borrowings	-	1,174.5	1,321.9	873.0	-	3,369.4
Intra-group liabilities	-	-	2,169.9	85.4	(2,255.3)	-
Other liabilities	-	0.5	472.5	27.4	-	500.4
Total non-current liabilities	**-**	**1,175.0**	**3,964.3**	**985.8**	**(2,255.3)**	**3,869.8**
Total liabilities	**4.0**	**1,197.4**	**4,616.8**	**1,090.5**	**(2,255.3)**	**4,653.4**
Net assets	**931.2**	**(0.7)**	**368.3**	**508.5**	**(1,209.6)**	**597.7**
Equity						
Equity attributable to equity holder of the Group	931.2	(0.7)	368.3	508.5	(1,220.9)	586.4
Minority interests	-	-	-	-	11.3	11.3
Total equity	**931.2**	**(0.7)**	**368.3**	**508.5**	**(1,209.6)**	**597.7**

24. Subsequent events

On August 9, 2010, Closure Systems International B.V. acquired the remaining 49% of the issued capital of Closure Systems International (Korea), Ltd. ("CSI Korea"), from the minority interest holder for consideration of KRW3,478.5 million (€2.4 million). Following the completion of this transaction, CSI Korea became a wholly owned subsidiary of the Group.

On August 16, 2010, the Group entered into a definitive agreement to acquire all of the outstanding stock of Pactiv Corporation ("Pactiv"). Under the terms of the agreement and plan of merger, the Group will pay $33.25 per Pactiv share (in cash), for a total purchase price of approximately $4.6 billion. Pactiv is a leading producer of consumer and foodservice packaging products, including the well-known "Hefty" brand of food and trash bags and disposable tableware. The transaction is expected to close in the fourth quarter of 2010 or the first quarter of 2011 and is subject to customary regulatory approvals and closing conditions, including the approval of Pactiv's shareholders. The Group expects to finance the purchase price of the acquisition of Pactiv and associated transaction costs with up to approximately $5.0 billion of new indebtedness. As a result of entering into this agreement, the Group has incurred financing commitment fees of US$70.0 million (€57.3 million).

The Group expects to enter into an agreement to acquire the Reynolds Foodservice business from certain affiliated entities that are under the ownership of the ultimate sole shareholder, Mr. Graeme Hart. It is expected that the acquisition will close during the third quarter of 2010. The purchase price and associated transaction costs will be financed from the existing cash reserves of the Group.

Other than the above, there have been no events subsequent to the end of the financial period which would require accrual or disclosure in the interim unaudited condensed financial statements.

Beverage Packaging Holdings Group

Interim unaudited condensed combined financial statements for the three and six month periods ended June 30, 2010

Beverage Packaging Holdings Group

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Beverage Packaging Holdings Group

Interim unaudited condensed combined statements of comprehensive income

For the period ended

In millions of €	Note	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Revenue	7	1,157.7	962.6	2,104.5	1,908.7
Cost of sales		(948.9)	(732.0)	(1,726.2)	(1,538.4)
Gross profit		**208.8**	**230.6**	**378.3**	**370.3**
Other income	8	14.6	53.9	26.5	80.1
Selling, marketing and distribution expenses		(36.9)	(36.2)	(67.3)	(68.7)
General and administration expenses		(59.5)	(56.2)	(123.9)	(119.3)
Other expenses	9	(28.3)	(16.7)	(37.5)	(24.4)
Share of profit of associates and joint ventures, net of income tax (equity method)		3.9	1.6	7.1	3.6
Profit from operating activities		**102.6**	**177.0**	**183.2**	**241.6**
Financial income	10	0.5	1.3	1.3	1.9
Financial expenses	10	(169.1)	(104.5)	(269.5)	(156.7)
Net financial expenses		**(168.6)**	**(103.2)**	**(268.2)**	**(154.8)**
Profit (loss) before income tax		**(66.0)**	**73.8**	**(85.0)**	**86.8**
Income tax benefit (expense)	11	1.1	(28.9)	(20.7)	(47.1)
Profit (loss) from operations		**(64.9)**	**44.9**	**(105.7)**	**39.7**
Other comprehensive income (expense) for the period net of income tax					
Cash flow hedges		-	1.6	-	(0.8)
Exchange differences on translating foreign operations		82.9	(36.1)	184.8	8.8
Transfers from foreign currency translation reserve to profit and loss		-	-	34.6	-
Total other comprehensive income (expense) for the period net of income tax		**82.9**	**(34.5)**	**219.4**	**8.0**
Total comprehensive income (expense) for the period		**18.0**	**10.4**	**113.7**	**47.7**
Profit (loss) attributable to:					
Equity holder of the combined Group		(65.4)	45.1	(105.8)	39.7
Minority interests		0.5	(0.2)	0.1	-
		(64.9)	**44.9**	**(105.7)**	**39.7**
Total other comprehensive income (expense) attributable to:					
Equity holder of the combined Group		82.4	(35.3)	218.3	8.2
Minority interests		0.5	0.8	1.1	(0.2)
		82.9	**(34.5)**	**219.4**	**8.0**

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

Beverage Packaging Holdings Group

Interim unaudited condensed combined statements of financial position

As at

In millions of €	Note	June 30, 2010	December 31, 2009
Assets			
Cash and cash equivalents		454.9	332.5
Trade and other receivables		611.4	484.7
Assets held for sale		10.5	4.2
Derivatives		-	4.4
Current tax assets		10.9	5.9
Inventories	12	598.8	469.6
Other assets		56.3	45.9
Total current assets		**1,742.8**	**1,347.2**
Non-current receivables		36.4	54.9
Investments in associates and joint ventures (equity method)		79.5	69.9
Deferred tax assets		99.7	85.2
Property, plant and equipment	13	1,363.7	1,184.5
Investment property		46.5	53.1
Intangible assets	14	2,506.3	2,274.2
Derivatives		13.8	11.7
Other assets		17.6	12.6
Total non-current assets		**4,163.5**	**3,746.1**
Total assets		**5,906.3**	**5,093.3**
Liabilities			
Bank overdrafts		2.3	0.8
Trade and other payables		705.9	532.4
Borrowings	15	48.9	78.6
Current tax liabilities		44.2	36.0
Derivatives		9.4	-
Employee benefits		82.9	87.6
Provisions	16	43.1	47.8
Other liabilities		-	1.4
Total current liabilities		**936.7**	**784.6**
Non-current payables		3.3	1.9
Borrowings	15	4,638.5	3,380.8
Deferred tax liabilities		336.0	305.2
Derivatives		-	7.5
Employee benefits		178.1	160.6
Provisions	16	24.8	25.2
Total non-current liabilities		**5,180.7**	**3,881.2**
Total liabilities		**6,117.4**	**4,665.8**
Net assets (liabilities)		**(211.1)**	**427.5**
Equity			
Share capital	17	773.6	841.8
Reserves	17	(870.9)	(409.3)
Retained earnings (accumulated losses)		(122.1)	(16.3)
Equity attributable to equity holder of the combined Group		**(219.4)**	**416.2**
Minority interests		8.3	11.3
Total equity		**(211.1)**	**427.5**

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

Beverage Packaging Holdings Group

Interim unaudited condensed combined statements of changes in equity

For the period ended

In millions of €	Note	Share capital	Translation of foreign operations	Other reserves	Hedge reserve	Retained earnings (accumulated losses)	Equity attributable to equity holder of the combined Group	Minority interests	Total
Balance at the beginning of the period (January 1, 2009)		986.5	1.1	(17.4)	(7.8)	(97.4)	865.0	11.9	876.9
Issue of shares (net of issue costs)	17	56.3	-	-	-	-	56.3	-	56.3
Total comprehensive income for the period		-	9.0	-	(0.8)	39.7	47.9	(0.2)	47.7
Dividends paid to minority interests		-	-	-	-	-	-	(0.4)	(0.4)
Balance at June 30, 2009		**1,042.8**	**10.1**	**(17.4)**	**(8.6)**	**(57.7)**	**969.2**	**11.3**	**980.5**
Balance at the beginning of the period (January 1, 2010)		841.8	6.8	(416.1)	-	(16.3)	416.2	11.3	427.5
Issue of shares (net of issue costs)	17	472.9	-	-	-	-	472.9	-	472.9
Total comprehensive income for the period		-	218.3	-	-	(105.8)	112.5	1.2	113.7
Common control transactions	20	(541.1)	-	(679.9)	-	-	(1,221.0)	-	(1,221.0)
Disposal of business			-	-	-	-	-	(2.8)	(2.8)
Dividends paid to minority interests		-	-	-	-	-	-	(1.4)	(1.4)
Balance at June 30, 2010		**773.6**	**225.1**	**(1,096.0)**	**-**	**(122.1)**	**(219.4)**	**8.3**	**(211.1)**

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

Beverage Packaging Holdings Group

Interim unaudited condensed combined statements of cash flows

For the six month period ended

In millions of €	June 30, 2010	June 30, 2009
Cash flows from operating activities		
Cash received from customers	2,117.8	1,936.9
Cash paid to suppliers and employees	(1,798.1)	(1,537.2)
Interest paid	(125.8)	(102.7)
Income taxes paid	(33.1)	(23.0)
Net cash from operating activities	**160.8**	**274.0**
Cash flows from investing activities		
Purchase of Whakatane Paper Mill	(34.6)	-
Acquisition of property, plant and equipment and investment properties	(84.7)	(90.6)
Proceeds from sale of property, plant and equipment, investment properties and other assets	9.6	5.3
Acquisition of intangible assets	(3.9)	(26.1)
Acquisition of businesses, net of cash acquired	(18.2)	(1.8)
Disposal of business, net of cash disposed	1.4	-
Disposal of other investments	0.7	3.7
Proceeds from related party advances	-	12.8
Repayments of related party advances	(19.2)	(7.3)
Interest received	1.2	1.4
Dividends received from joint ventures	1.5	0.5
Net cash used in investing activities	**(146.2)**	**(102.1)**
Cash flows from financing activities		
Acquisition of businesses under common control	(1,202.4)	-
Drawdown of loans and borrowings		
2010 Notes	757.2	-
2009 Credit Agreement (including the Additional Bank Debt)	605.8	-
Reynolds Senior Credit Facilities	-	74.7
Other facilities	0.7	2.3
Repayment of loans and borrowings		
2009 Credit Agreement	(8.0)	-
Evergreen revolving credit facility	(32.5)	-
Reynolds Senior Credit Facilities	-	(100.7)
2007 SIG Senior Credit Facilities	-	(18.6)
Other borrowings	(1.3)	(29.1)
Proceeds from issue of share capital	-	8.9
Payment of finance lease liabilities	(0.2)	(0.2)
Payment of transaction costs	(44.6)	(26.3)
Payment of original issue discounts	(1.5)	-
Payment for acquisition of businesses under common control*	(3.4)	-
Dividends paid to minority interests	(1.4)	(0.4)
Net cash from (used in) financing activities	**68.4**	**(89.4)**
Net increase in cash and cash equivalents	**83.0**	**82.5**
Cash and cash equivalents at the beginning of the period	331.7	268.3
Effect of exchange rate fluctuations on cash held	37.9	2.3
Cash and cash equivalents at June 30	**452.6**	**353.1**
Cash and cash equivalents comprise		
Cash and cash equivalents	454.9	358.8
Bank overdrafts	(2.3)	(5.7)
Cash and cash equivalents at June 30	**452.6**	**353.1**

* Relates to the net payment of the working capital adjustments on the acquisition of the Closures and Reynolds Consumer businesses on November 5, 2009.

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

Beverage Packaging Holdings Group

Interim unaudited condensed combined statements of cash flows

Reconciliation of the profit for the period with the net cash from operating activities
For the six month period ended

In millions of €	June 30, 2010	June 30, 2009
Profit (loss) for the period	(105.7)	39.7
Adjustments for:		
Depreciation of property, plant and equipment	97.7	105.5
Depreciation of investment properties	1.1	0.6
Amortisation of intangible assets	61.4	55.9
Impairment losses on property, plant and equipment and investment property	-	3.4
Net foreign exchange losses in operating activities	(1.5)	4.5
Change in fair value of derivatives	12.9	(54.5)
Loss (gain) on sale of property, plant and equipment	0.5	(1.3)
Gains on disposal of businesses	(1.7)	-
Net financial (income) expenses	268.2	154.8
Share of profit of equity accounted investees	(7.1)	(3.6)
Income tax expense	20.7	47.1
Interest paid	(125.8)	(102.7)
Income tax paid	(33.1)	(23.0)
Change in trade and other receivables	(15.7)	7.9
Change in inventories	(52.0)	9.3
Change in trade and other payables	44.8	55.7
Change in provisions and employee benefits	(18.2)	(0.4)
Change in other assets and liabilities	14.3	(24.9)
Net cash from operating activities	**160.8**	**274.0**

Significant non-cash financing and investing activities

During the six month period ended June 30, 2010, Evergreen Packaging Inc. ("EPI") issued shares to Evergreen Packaging US, its parent company at the time of issue, in exchange for the novation of external borrowings, net of debt issue costs, in the amounts of CA$29.5 million (€22.1 million), NZ$ 775.6 million (€429.7 million) and US$27.9 million (€21.1 million) (2009: nil).

During the six month period ended June 30, 2009, Evergreen Packaging International B.V.'s parent company at the time, Evergreen Packaging (Antilles) N.V., contributed €47.4 million as a non-stipulated share premium without the issuance of shares.

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

Beverage Packaging Holdings Group

Interim unaudited condensed combined statements of cash flows

Acquisitions and disposals of businesses
For the six month period ended

	June 30,			
	2010		2009	
In millions of €	**Acquisitions**	**Disposals**	**Acquisitions**	**Disposals**
Outflow of cash:				
Cash payments	25.9	-	-	-
Net cash acquired	(7.7)	-	-	-
Outflow of cash	**18.2**	**-**	**-**	**-**
Cash and cash equivalents	7.7	-	-	-
Net assets acquired	**25.9**	**-**	**-**	**-**
Details of net assets acquired:				
Cash and cash equivalents	7.7	-	-	-
Trade and other receivables	1.5	-	-	-
Inventories	7.7	-	-	-
Other current assets	0.1	-	-	-
Intangible assets	2.4	-	-	-
Property, plant and equipment	11.1	-	-	-
Trade and other payables	(4.2)	-	-	-
Provisions	(0.1)	-	-	-
Employee benefits	(0.3)	-	-	-
	25.9	**-**	**-**	**-**

The above relates to the acquisition of Obrist Americas Inc., subsequently renamed Closure Systems International Americas, Inc.
Refer to note 19 for further details of acquisitions.

1. Reporting entity

Beverage Packaging Holdings (Luxembourg) I S.A. and Beverage Packaging Holdings (Luxembourg) II S.A. are domiciled in Luxembourg and registered in the Luxembourg "Registre de Commerce et des Sociétiés".

The interim unaudited condensed combined financial statements of Beverage Packaging Holdings Group (the "combined Group") as at and for the period ended June 30, 2010 comprise the combination of Beverage Packaging Holdings (Luxembourg) I S.A. ("BP I") and its subsidiaries (the "BP I Group") and Beverage Packaging Holdings (Luxembourg) II S.A. ("BP II" or the "issuer").

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

The address of the registered office of BP I and BP II is 6 Parc d'Activities Syrdall, L-5365 Munsbach, Luxembourg.

2. Basis of preparation

2.1 Statement of compliance

The interim unaudited condensed combined financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". The disclosures required in these interim unaudited condensed combined financial statements are less extensive than the disclosure requirements for annual financial statements.

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

The interim unaudited condensed combined financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the combined Group for the period ended December 31, 2009 as well as other announcements made by the combined Group which are posted on the website of the immediate parent entity, Reynolds Group Holdings Limited ("RGHL"), www.reynoldsgroupholdings.com.

The interim unaudited condensed combined financial statements were approved by the Board of Directors (the "Directors") on August 25, 2010.

2.2 Going concern

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

2.3 Basis of measurement

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

- certain components of inventory and certain 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, derivatives and investments in securities which are measured at fair value.

The accounting policies applied by the combined Group in these interim unaudited condensed combined financial statements are the same as those applied by the combined Group in the annual financial statements for the period ended December 31, 2009.

2.4 Presentation currency

These interim unaudited condensed combined financial statements are presented in Euros ("€"), which is the combined Group's presentation currency. All financial information presented in € has been rounded to the nearest tenth of a million €, unless otherwise stated.

2.5 Transactions between entities under common control

In May 2010, the combined Group acquired the Evergreen group of companies ("Evergreen"). For over two years prior to May 2010, the Beverage Packaging Holdings Group and Evergreen had been under common ownership and control through entities ultimately 100% owned by Mr. Graeme Hart. Therefore, the acquisition of Evergreen by indirect subsidiaries of the combined Group has been accounted for under the principles of common control and all prior periods presented in these financial statements have been recast to include Evergreen in order to comply with the combined Group's accounting policy for transactions between entities under common control.

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.

As a result of applying the principles of common control accounting, the combined Group's financial statements are prepared on a combined rather than consolidated basis for periods prior to the legal consummation of the common control transactions.

2.6 Comparative information

In addition to the items disclosed in note 32 of the combined Group's financial statements for the year ended December 31, 2009, which have been reflected in the comparative June 30, 2009 information in these financial statements, the following additional adjustments have been made to correct amounts previously reported in the stand alone financial statements of the Reynolds Consumer and Closures segments:

- The profit before income tax includes an increase of US$4.5 million (€3.2 million) for an adjustment to the overhead cost absorption of the inventory of the Reynolds Consumer segment. This adjustment is reversed in the third and fourth quarters of 2009 and therefore has no impact on the previously reported profit before income tax or profit from operations of the combined Group for the year ended December 31, 2009.
- Certain items have been reclassified within the statements of comprehensive income and financial position to align with the method of presentation adopted by the combined Group.

3. Use of estimates and judgements

The preparation of interim unaudited condensed combined 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 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.

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

3.1 Impairment of assets

(a) Goodwill and indefinite life intangible assets

Determining whether goodwill and indefinite life intangible assets are impaired requires estimation of the recoverable values of the cash generating units ("CGU") to which these assets have been allocated. Recoverable values have been based on 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 combined Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Details regarding the carrying amount of goodwill and indefinite life intangible assets are provided in note 14.

(b) Rights to supply (finite life intangible asset)

Under the combined Group's integrated filler and carton sleeve sale and supply arrangements, the difference between the sales price of a filling machine and the cost to manufacture the machine is capitalised as an intangible asset (rights to supply) at the point of sale and then amortised over the term of the carton sleeve contract. At each reporting date, the unamortised balance is reviewed by management to assess whether it will be recovered from the projected gross margin of the estimated future carton sleeve sales. Any write down in the recoverable amount of the intangible asset is recognised in the statements of comprehensive income as a component of the profit or loss in the period in which the gross margin decline is noted. In undertaking this analysis management is required to make certain estimates in respect of the expected future sales volumes and margins in order to assess the recoverability of this intangible asset.

3.2 Income taxes

The combined Group is subject to income taxes in multiple jurisdictions which require significant judgement to be exercised in determining the combined 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 combined 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.

3.3 Realisation of deferred tax assets

The combined Group assesses the recoverability of deferred tax assets with reference to estimates of future taxable income. To the extent that actual taxable income differs to 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. Seasonality

The combined Group's SIG Combibloc segment is impacted by moderate levels of seasonal fluctuations. Although the customers of the SIG Combibloc segment are primarily engaged in providing products such as beverages and food that are generally less sensitive to seasonal effects, some seasonality is experienced as a result of consumer trends (i.e. increased consumption of tea and juices during the summer months in Europe). As a result, the carton sleeve sales of the SIG Combibloc segment in the second and third quarters are usually greater than the rest of the year. Sales in the fourth quarter may also increase as a result of the timing of the volume rebate calculations paid in the first quarter in respect of sleeve sales, which encourages customers to purchase additional sleeves prior to the end of the year.

Sales of filling machines by the SIG Combibloc segment historically increase in the fourth quarter as customers seek to utilise their residual capital expenditure budgets before the end of their operating years. As a result, the SIG Combibloc segment usually experiences lower levels of sales and builds inventory levels of filling machines during the first, second and third quarters, which collectively increases working capital levels and reduces operating cash flows.

The Evergreen segment is impacted by moderate seasonal fluctuations. The Evergreen segment's customers are principally engaged in providing products that are generally less sensitive to seasonal effects although Evergreen does experience some seasonality as a result of

increased consumption of 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 Reynolds Consumer segment is subject to seasonal consumption patterns which are aligned with certain of the combined Group's key product lines. Sales of Reynolds Wrap® brands, the highest sales volume product, peak in North America during the fourth quarter holiday periods. Consequently, revenue is significantly greater during the fourth quarter of the year. In addition, the segment's food and trash bag sales peak during the summer and early fall months in North America coinciding with the harvest season and outdoor fall clean-up.

Sales in the combined Group's Closures segment are seasonal, peaking during the summer and fall months in the Northern Hemisphere when hot temperatures lead to increased consumption of bottled water, isotonic and soft drink products. As a result, historically the Closures segment realizes approximately 60% of sales during the second and third quarters of each calendar year. The Closures segment experiences seasonality in its working capital with inventory and receivables levels typically peaking in the first and second quarters, respectively.

5. Financial risk management

During the quarterly period ended June 30, 2010 the combined Group continued to apply the risk management objectives and policies which were disclosed in the annual financial statements of the combined Group for the period ended December 31, 2009.

6. Segment reporting

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

The combined Group's CODM comprises the officers and Directors of the immediate parent entity, RGHL. Information reported to the combined Group's CODM for the purposes of resource allocation and assessment of segment performance is focused on the four business segments that exist within the combined Group. The combined Group's reportable business segments under IFRS 8 are as follows:

- SIG Combibloc – SIG Combibloc is one of the world's leading manufacturers and suppliers of a broad range of high quality aseptic carton packaging solutions. They are designed to retain taste and nutritional value of beverages and liquid food, without the use of chemical preservatives, even when stored for months without refrigeration. Its business is the supply of aseptic carton packaging systems, which include aseptic filling machines, aseptic cartons, spouts and closures as well as associated technical support and training.

- Evergreen – Evergreen is a leading manufacturer of fresh carton packaging for beverage products, primarily serving the juice and milk markets. Evergreen supplies integrated fresh carton packaging systems, which include fresh cartons, spouts, caps and closures, filling machines and related services. In addition, Evergreen manufactures liquid packaging board for beverage carton manufacturers and paper products for commercial printing.

- Reynolds Consumer – Reynolds Consumer is principally engaged in the manufacture and distribution of household products which are marketed under well recognised brands including Reynolds®, Diamond®, and Cut-Rite®. The segment also manufactures private label products under the Presto® product line, which is a leading supplier of store brand plastic storage and waste management products.

- Closures – Closures is a global closures manufacturing operation. It is principally engaged in the design, manufacture and distribution of plastic and aluminium closures as well as capping systems primarily for the beverage industry. It also provides its customers with a full range of capping equipment and machinery as well as associated technical support and training.

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

The CODM assesses the performance of the operating segments based on adjusted EBITDA. Adjusted EBITDA is defined as being net profit before income tax expense, net financial expenses, depreciation and amortisation adjusted to exclude certain significant items of a non-recurring or unusual nature, including but not limited to such items as restructuring costs, unrealised gains or losses on derivatives, gains or losses on the sale of non-strategic assets, asset impairments and writedowns and equity method profit not distributed in cash. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance and is consistent with what was reported in the combined Group's annual financial statements for the period ended December 31, 2009.

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

Beverage Packaging Holdings Group

Notes to the interim unaudited condensed combined financial statements
For the period ended June 30, 2010

Business segment reporting

In millions of €	SIG Combibloc	Evergreen	Reynolds Consumer	Closures	Corporate / unallocated *	Total
For the six month period ended June 30, 2010						
Total external revenue	684.1	577.5	415.3	427.6	-	2,104.5
Total inter-segment revenue	-	-	-	2.6	(2.6)	-
Total segment revenue	**684.1**	**577.5**	**415.3**	**430.2**	**(2.6)**	**2,104.5**
Gross profit	160.9	54.4	98.4	64.6	-	378.3
Expenses and other income	(83.7)	(24.5)	(52.7)	(38.2)	(3.1)	(202.2)
Share of profit of associates and joint ventures (equity method)	6.4	0.7	-	-	-	7.1
Earnings before interest and tax (“EBIT”)	**83.6**	**30.6**	**45.7**	**26.4**	**(3.1)**	**183.2**
Financial income						1.3
Financial expenses						(269.5)
Profit (loss) before income tax						**(85.0)**
Income tax benefit (expense)						(20.7)
Profit (loss) for the period						**(105.7)**
Earnings before interest and tax (“EBIT”)	**83.6**	**30.6**	**45.7**	**26.4**	**(3.1)**	**183.2**
Depreciation and amortisation	88.1	22.8	19.4	29.9	-	160.2
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	**171.7**	**53.4**	**65.1**	**56.3**	**(3.1)**	**343.4**
Included in EBITDA:						
Business restructuring costs	5.2	-	(1.4)	0.4	-	4.2
Business acquisition costs	-	0.9	-	0.9	1.7	3.5
Unrealised losses on derivatives	0.3	0.5	11.0	1.1	-	12.9
Operational process engineering related consultancy costs	-	1.6	4.6	-	-	6.2
Gains on sale of businesses	-	(1.6)	(0.1)	-	-	(1.7)
Business interruption costs	-	-	-	1.5	-	1.5
Equity method profit not distributed in cash	(4.9)	(0.7)	-	-	-	(5.6)
Non-recoverable VAT and custom duties relating to historical imports	7.6	-	-	-	-	7.6
Related party management fees	-	0.6	-	-	-	0.6
Adjusted earnings before interest, tax, depreciation and amortisation (“Adjusted EBITDA”)	**179.9**	**54.7**	**79.2**	**60.2**	**(1.4)**	**372.6**
Segment assets as at June 30, 2010	2,544.7	1,051.8	1,416.7	1,248.4	(355.3)	**5,906.3**

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

Beverage Packaging Holdings Group

Notes to the interim unaudited condensed combined financial statements
For the period ended June 30, 2010

In millions of €	SIG Combibloc	Evergreen	Reynolds Consumer	Closures	Corporate / unallocated *	Total
For the six month period ended June 30, 2009						
Total external revenue	609.3	516.2	421.5	361.7	-	1,908.7
Total inter-segment revenue	-	-	-	-	-	-
Total segment revenue	**609.3**	**516.2**	**421.5**	**361.7**	**-**	**1,908.7**
Gross profit	134.4	129.0	45.7	61.2	-	370.3
Expenses and other income	(79.2)	(27.7)	(1.6)	(23.8)	-	(132.3)
Share of profit of associates and joint ventures (equity method)	2.6	1.0	-	-	-	3.6
Earnings before interest and tax (“EBIT”)	**57.8**	**102.3**	**44.1**	**37.4**	**-**	**241.6**
Financial income						1.9
Financial expenses						(156.7)
Profit (loss) before income tax						**86.8**
Income tax benefit (expense)						(47.1)
Profit (loss) for the period						**39.7**
Earnings before interest and tax (“EBIT”)	**57.8**	**102.3**	**44.1**	**37.4**	**-**	**241.6**
Depreciation and amortisation	89.4	23.0	23.7	25.9	-	162.0
Earnings before interest, tax, depreciation and amortisation (“EBITDA”)	**147.2**	**125.3**	**67.8**	**63.3**	**-**	**403.6**
Included in EBITDA:						
Business restructuring costs	9.5	-	2.9	1.4	-	13.8
Asset impairment charges	3.2	-	0.2	-	-	3.4
Equity method profit not distributed in cash	(2.1)	(1.0)	-	-	-	(3.1)
Plant realignment costs	-	-	1.4	-	-	1.4
Elimination of the effect of historical hedging policy	-	-	51.5	-	-	51.5
Transition costs	-	-	7.8	-	-	7.8
Unrealised gains on derivatives	(2.2)	-	(46.0)	(6.3)	-	(54.5)
Operational process engineering related consultancy costs	-	1.8	-	-	-	1.8
Black liquor credits	-	(69.0)	-	-	-	(69.0)
Related party management fees	-	0.9				0.9
Adjusted earnings before interest, tax, depreciation and amortisation (“Adjusted EBITDA”)	**155.6**	**58.0**	**85.6**	**58.4**	**-**	**357.6**
Segment assets as at December 31, 2009	2,874.1	915.4	1,161.9	996.3	(854.4)	5,093.3

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

7. Revenue

In millions of €	For the six month period ended June 30, 2010	2009
Sale of goods	2,078.4	1,886.5
Services	26.1	22.2
Total revenue	**2,104.5**	**1,908.7**

8. Other income

In millions of €	For the six month period ended June 30, 2010	2009
Rental income from investment properties	2.6	3.9
Sale of by-products	9.0	5.5
Gain on sale of property, plant and equipment	-	1.3
Gain on disposal of businesses and investments	1.7	-
Unrealised gains on derivatives	-	54.5
Net foreign currency exchange gain	1.5	-
Income from other services	1.4	2.5
Other	10.3	12.4
Total other income	**26.5**	**80.1**

9. Other expenses

In millions of €	Note	For the six month period ended June 30, 2010	2009
Operational process engineering related consultancy costs		(6.2)	(1.8)
Business restructuring costs		(4.2)	(13.8)
Acquisition costs		(3.5)	-
Related party management fees paid	18	(0.6)	(0.9)
Asset impairment charges on property, plant and equipment and investment property		-	(3.4)
Unrealised losses on derivatives		(12.9)	-
Non-recoverable VAT and custom duty relating to historical imports		(7.6)	-
Loss on disposal of property, plant and equipment		(0.5)	-
Net foreign currency exchange loss		-	(4.5)
Business interruption costs		(1.5)	-
Other		(0.5)	-
Total other expenses		**(37.5)**	**(24.4)**

10. Financial income and expenses

In millions of €	Note	For the six month period ended June 30, 2010	2009
Interest income		1.3	1.9
Financial income		**1.3**	**1.9**
Interest expense			
2009 Credit Agreement		(38.4)	-
2010 Notes		(10.7)	-
2009 Notes		(50.0)	-
2007 Notes		(39.2)	(39.2)
2008 Reynolds Senior Credit Facilities		-	(29.7)
2007 SIG Senior Credit Facilities		-	(16.8)
CHH Facility		(5.2)	(9.6)
Blue Ridge Facility		(0.2)	(0.3)
Related party borrowings		(0.2)	(7.8)
Amortisation of:			
Debt issue costs			
2009 Credit Agreement		(3.0)	-
2010 Notes		(0.5)	-
2009 Notes		(3.1)	-
2007 Notes		(1.4)	(1.3)
2008 Reynolds Senior Credit Facilities		-	(8.1)
2007 SIG Senior Credit Facilities		-	(1.2)
CHH Facility		(0.3)	(0.4)
Original issue discounts		(1.9)	-
Embedded derivatives		0.7	-
Other		(4.3)	-
Net change in fair values of derivatives		(7.3)	-
Net foreign currency exchange loss		(104.0)	(41.7)
Other		(0.5)	(0.6)
Financial expenses		**(269.5)**	**(156.7)**
Net financial expenses		**(268.2)**	**(154.8)**

Refer to note 15 for details of the combined Group's borrowings.

11. Income tax

In millions of €	For the six month period ended June 30, 2010	2009
Reconciliation of effective tax rate		
Profit (loss) before income tax	**(85.0)**	**86.8**
Income tax using the combined Group's domestic tax rate of 30% (2009: 30%)	25.5	(26.0)
Effect of tax rates in foreign jurisdictions	(4.3)	9.7
Non-deductible expenses	(4.5)	(1.1)
Controlled foreign corporation tax	-	(5.4)
Tax rate modifications	1.6	-
Withholding tax	(2.2)	(1.5)
Recognition of previously unrecognised tax losses and temporary differences	3.2	1.1
Current period losses for which no deferred tax asset was recognised	(40.7)	(24.6)
Under provided in prior periods	(0.2)	(0.4)
Other	0.9	1.1
Total current period income tax expense	**(20.7)**	**(47.1)**

12. Inventories

As at	June 30,	December 31,
In millions of €	2010	2009
Raw materials and consumables	183.9	140.0
Work in progress	96.0	70.1
Finished goods	295.2	244.6
Engineering and maintenance materials	58.3	46.1
Provision against inventories	(34.6)	(31.2)
Total inventories	**598.8**	**469.6**

During the six month period ended June 30, 2010 the write-down of inventories to net realisable value amounted to €1.6 million (June 30, 2009: €1.6 million).

The U.S. Internal Revenue Code provided a tax credit for companies that use alternative fuel mixtures to produce energy to operate their businesses. The credit, equal to US$0.50 per gallon of alternative fuel contained in the mixture, is refundable to the taxpayer. During May 2009, the combined Group received notification that its application to be registered as an alternative fuel mixer at its Canton and Pine Bluff facilities (within the Evergreen segment), had been approved. For the year ended December 31, 2009, the combined Group filed claims for alternative fuel mixture credits covering eligible periods from January 2009 to December 2009, totalling approximately US$235.0 million. As a result of these claims the combined Group recognised during the six month period ended June 30, 2009 a reduction in its cost of sales of US$96.0 million (€69.0 million), being the claim value net of applicable expenses. 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.

13. Property, plant and equipment

In millions of €	Land	Buildings, plant and equipment	Capital work in progress	Leased assets lessor	Finance leased assets	Total
Cost	88.7	1,496.5	82.1	177.5	3.1	1,847.9
Accumulated impairment losses	-	(0.2)	-	-	-	(0.2)
Accumulated depreciation	-	(410.3)	-	(72.6)	(1.1)	(484.0)
Carrying amount at June 30, 2010	**88.7**	**1,086.0**	**82.1**	**104.9**	**2.0**	**1,363.7**
Cost	79.0	1,315.2	54.0	141.8	3.2	1,593.2
Accumulated impairment losses	-	(3.3)	-	-	-	(3.3)
Accumulated depreciation	-	(339.1)	-	(65.4)	(0.9)	(405.4)
Carrying amount at December 31, 2009	**79.0**	**972.8**	**54.0**	**76.4**	**2.3**	**1,184.5**

The depreciation charge of €97.7 million for the six month period ended June 30, 2010 (June 30, 2009: €105.5 million) is recognised in the statements of comprehensive income as a component of cost of sales (June 30, 2010: €93.5 million, June 30, 2009: €103.5 million), selling, marketing and distribution expenses (June 30, 2010: €1.3 million, June 30, 2009: € nil) and general and administration expenses (June 30, 2010: €2.9 million, June 30, 2009: €2.0 million).

During the six month period ended June 30, 2010, no impairment charges or reversals of previously recognised impairment charges were recognised (June 30, 2009: €0.2 million impairment charge).

The combined Group leases plant and equipment under finance leases. The leased plant and equipment acts to secure the lease obligations.

There are no restrictions on the title of any items of property, plant and equipment except as outlined in note 15 and for those assets held under finance leases.

14. Intangible assets

In millions of €	Goodwill	Trademarks	Technology & software	Customer relationships	Rights to supply	Other	Total
Cost	1,333.7	531.5	252.8	653.8	128.8	8.9	2,909.5
Accumulated impairment losses	-	-	-	-	-	-	-
Accumulated amortisation	-	(7.1)	(130.1)	(177.7)	(80.8)	(7.5)	(403.2)
Carrying amount at June 30, 2010	**1,333.7**	**524.4**	**122.7**	**476.1**	**48.0**	**1.4**	**2,506.3**
Cost	1,203.9	460.1	213.9	578.8	117.1	2.3	2,576.1
Accumulated impairment losses	-	-	-	-	-	-	-
Accumulated amortisation	-	(4.8)	(94.0)	(136.5)	(66.0)	(0.6)	(301.9)
Carrying amount at December 31, 2009	**1,203.9**	**455.3**	**119.9**	**442.3**	**51.1**	**1.7**	**2,274.2**

The amortisation charge of €61.4 million for the six month period ended June 30, 2010 (June 30, 2009: €55.9 million) is recognised in the statements of comprehensive income as a component of cost of sales (June 30, 2010: €30.4 million, June 30, 2009: €31.5 million) and general and administration expenses (June 30, 2010: €31.0 million, June 30, 2009: €24.4 million).

During the six month period ended June 30, 2010, no impairment charges or reversals of previously recognised impairment charges were recognised (June 30, 2009: nil).

14.1 Impairment testing for CGUs containing indefinite life intangible assets

Goodwill and certain 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. There were no indicators of impairment at any of the combined Group's CGUs at June 30, 2010 and therefore recoverable amounts were not required to be calculated.

For the purpose of impairment testing, indefinite life intangible assets are allocated to the combined Group's CGUs which represent the lowest level within the combined Group at which the goodwill and trademarks are monitored for internal management purposes. The aggregate carrying amounts of indefinite life intangible assets allocated to each CGU are as follows:

	As at June 30, 2010		As at December 31, 2009	
In millions of €	Goodwill	Indefinite life trademarks	Goodwill	Indefinite life trademarks
Reynolds Consumer– Reynolds Branded	237.6	246.2	208.5	209.4
Reynolds Consumer – Store Branded	83.5	-	66.2	-
Closures	312.1	-	262.3	-
SIG Combibloc	667.0	211.8	638.4	188.2
Evergreen	33.5	27.6	28.5	23.5
	1,333.7	**485.6**	**1,203.9**	**421.1**

Recoverable amounts of the indefinite life intangible assets allocated to each CGU are determined based on the greater of the fair values less costs to sell or value-in-use calculations.

15. Borrowings

As at

In millions of €	Note	June 30, 2010	December 31, 2009
2009 Credit Agreement [(a)(g)]		46.8	24.2
Blue Ridge Facility[(l)]		-	30.0
CHH Facility[(f)(k)]		-	20.9
Current portion of non-interest bearing related party borrowings	18	-	1.0
Other[(m)]		2.1	2.5
Current borrowings		**48.9**	**78.6**
2009 Credit Agreement[(a)(g)]		1,640.1	910.8
2010 Notes[(b)(j)]		803.4	-
2009 Notes[(c)(h)]		1,306.6	1,174.5
2007 Senior Notes[(d)(i)]		466.1	465.3
2007 Senior Subordinated Notes[(e)(i)]		407.3	406.7
CHH Facility[(f)(k)]		-	408.7
Non-current portion of non-interest bearing related party borrowings	18	11.5	11.4
Other[(m)]		3.5	3.4
Non-current borrowings		**4,638.5**	**3,380.8**
(a) 2009 Credit Agreement (current and non-current)		1,743.2	970.2
Transaction costs		(41.9)	(22.6)
Original issue discount		(14.4)	(12.6)
Carrying amount		**1,686.9**	**935.0**
(b) 2010 Notes		818.3	-
Transaction costs		(22.6)	-
Embedded derivative		7.7	-
Carrying amount		**803.4**	**-**
(c) 2009 Notes		1,370.6	1,233.0
Transaction costs		(58.2)	(52.6)
Original issue discount		(16.6)	(15.9)
Embedded derivative		10.8	10.0
Carrying amount		**1,306.6**	**1,174.5**
(d) 2007 Senior Notes		480.0	480.0
Transaction costs		(13.9)	(14.7)
Carrying amount		**466.1**	**465.3**
(e) 2007 Senior Subordinated Notes		420.0	420.0
Transaction costs		(12.7)	(13.3)

In millions of €	Note	June 30, 2010	December 31, 2009
Carrying amount		**407.3**	**406.7**

(f) CHH Facility (current and non-current)		-	431.2
Transaction costs		-	(1.6)
Carrying amount		**-**	**429.6**

(g) 2009 Credit Agreement

RGHL and certain members of the combined Group are parties to a senior secured credit agreement dated November 5, 2009 which is comprised of term tranches of US$1,035.0 million and €250.0 million, revolving tranches of US$120.0 million and €80.0 million and an incremental facility of US$400.0 million (the "2009 Credit Agreement"). The Euro term tranche matures on November 5, 2015 and the revolving tranches mature on November 5, 2014. Pursuant to an amendment dated May 4, 2010, the US$ term tranches mature on May 5, 2016 and the incremental facility was increased to US$1,550.0 million (€1,268.4 million) (the "Additional Bank Debt").The borrowers under the 2009 Credit Agreement are Reynolds Group Holdings Inc., Reynolds Consumer Products Holdings Inc., Closure Systems International Holdings Inc., SIG Euro Holding AG & Co KGaA, SIG Austria Holdings GmbH and Closure Systems International B.V. During the six months ended June 30, 2010, the interest rates on the US$ and Euro term tranches were 6.25% (2009: 6.25%) and on the US$ incremental facility was 5.75%.

RGHL and certain members of the combined Group in Australia, Austria, Brazil, the British Virgin Islands, Canada, Costa Rica, Germany, Guernsey, Hong Kong, Hungary, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Switzerland, Thailand, the United Kingdom and the United States have guaranteed on a senior basis the obligations under the 2009 Credit Agreement and related documents to the extent permitted by law. The guarantors (other than the entities organised in Costa Rica and Japan) have granted security over certain of their assets to support the obligations under the 2009 Credit Agreement. Security interests in the shares or other membership interests of these guarantors (other than RGHL and a subsidiary organised in Japan) have been granted to support the obligations under the 2009 Credit Agreement. The security is shared on a first priority basis with the note holders under the 2009 Notes (refer to (h) below). The Additional Bank Debt is or will be guaranteed and secured on the same basis as the other obligations under the 2009 Credit Agreement.

At June 30, 2010 the US$ term tranche was fully drawn by Reynolds Consumer Products Holdings Inc. and Reynolds Group Holdings Inc. ("RGHI") and the Euro term tranche was fully drawn by SIG Austria Holdings GmbH and SIG Euro Holding AG &Co KGaA. The revolving tranches were utilised in the amount of US$20.7 million (€16.9 million) and €20.0 million in the form of bank guarantees and letters of credit. At June 30, 2010, the incremental facility was drawn in the amount of US$800.0 million (€654.6 million) by RGHI in the form of term loans.

Indebtedness under the 2009 Credit Agreement may be voluntarily repaid in whole or in part and must be mandatorily repaid in certain circumstances. The borrowers also make quarterly amortisation payments in respect of the term loans. Amortisation payments commenced on March 31, 2010.

The 2009 Credit Agreement contains customary covenants which restrict RGHL and the combined Group from certain activities including, among other things, incurring debt, creating liens over assets, selling or acquiring assets and making restricted payments, in each case except as permitted under the 2009 Credit Agreement. RGHL and the combined Group also have interest coverage ratio and leverage ratio covenants as well as limitations on capital expenditure. At June 30, 2010 RGHL and the combined Group were in compliance with all of their covenants.

The total assets of the non-guarantor companies (excluding intra-group items but including investments in subsidiaries) are required to be 20% or less of the consolidated total assets of RGHL and its subsidiaries and the aggregate of the EBITDA of the non-guarantor companies is required to be 20% or less of the consolidated EBITDA of RGHL and its subsidiaries, in each case calculated in accordance with the 2009 Credit Agreement which may differ to the measure of Adjusted EBITDA as disclosed in note 6.

(h) 2009 7.75% Senior Secured Notes

On November 5, 2009 Reynolds Group Issuer LLC, Reynolds Group Issuer Inc. and Reynolds Group Issuer (Luxembourg) S.A., (together the "Reynolds Issuers") issued US$1,125.0 million principal amount of 7.75% senior secured notes due 2016 and €450.0 million principal amount of 7.75% senior secured notes due 2016 (the "2009 Notes"). Interest on the 2009 Notes is paid semi-annually on April 15 and October 15. Interest payments commenced on April 15, 2010. All of the guarantors of the 2009 Credit Agreement have also guaranteed the 2009 Notes. The guarantors (other than the entities organised in Costa Rica and Japan) have granted security over certain of their assets to support the obligations under the 2009 Notes. Security interests in the shares or other membership interests of these guarantors (other than RGHL and a subsidiary organised in Japan) have been granted to support the obligations under the 2009 Notes. The security is shared on a first priority basis with the lenders under the 2009 Credit Agreement (refer to (g) above).

The indenture for the 2009 Notes contains customary covenants which restrict the combined Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the indenture for the 2009 Notes.

Pursuant to a registration rights agreement, the Reynolds Issuers have agreed (i) to file with the U.S. Securities and Exchange Commission ("SEC") an exchange offer registration statement pursuant to which the Reynolds Issuers will exchange the 2009 Notes for a like aggregate principal amount of new registered notes that are identical in all material respects to the 2009 Notes, except for certain provisions, among others, relating to additional interest and transfer restrictions or (ii) under certain circumstances, to file a shelf registration statement with the SEC with respect to the 2009 Notes. Under certain circumstances if the Reynolds Issuers do not meet their obligations under the registration rights agreement the Reynolds Issuers may be required to pay penalty interest of up to a maximum of 1.00% per annum. If applicable, penalty interest would commence from November 5, 2010.

The Reynolds Issuers, at their option, can elect to redeem the 2009 Notes under terms and conditions specified in the indenture. The terms of the early redemption constitute an embedded derivative. In accordance with the combined Group's accounting policy for embedded derivatives, the combined Group has recognised an embedded derivative in relation to the redemption provisions of the 2009 Notes.

In certain circumstances which would constitute a change in control, the holders of the 2009 Notes have the right to require the Reynolds Issuers to repurchase the 2009 Notes at a premium.

(i) 2007 Senior Notes and 2007 Senior Subordinated Notes

On June 29, 2007 BP II issued €480.0 million principal amount of 8% senior notes due 2016 (the "2007 Senior Notes") and €420.0 million principal amount of 9.5% senior subordinated notes due 2017 (the "2007 Senior Subordinated Notes" and together with the 2007 Senior Notes, the "2007 Notes"). BP II pays interest on the 2007 Notes semi-annually on June 15 and December 15. The 2007 Senior Notes are secured on a second-priority basis and the 2007 Senior Subordinated Notes are secured on a third-priority basis, by all of the equity interests of BP I held by RGHL and the receivables under loans of the proceeds of the 2007 Notes made by BP II to BP I. Since November 5, 2009 all of the guarantors of the 2009 Credit Agreement have also guaranteed the 2007 Notes.

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

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

(j) 2010 8.5% Senior Unsecured Notes

On May 4, 2010 the Reynolds Issuers issued US$1,000.0 million principal amount of 8.5% senior unsecured notes due 2018 (the "2010 Notes"). Interest on the 2010 Notes is paid semi-annually on May 15 and November 15, commencing on November 15, 2010. RGHL and certain members of the combined Group in Australia, Brazil, the British Virgin Islands, Canada, Costa Rica, Germany, Guernsey, Hong Kong, Hungary, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Switzerland, the United Kingdom and the United States have guaranteed on a senior basis the obligations under the 2010 Notes to the extent permitted by law.

Pursuant to a registration rights agreement, the Reynolds Issuers have agreed (i) to file with the SEC an exchange offer registration statement pursuant to which the Reynolds Issuers will exchange the 2010 Notes for a like aggregate principal amount of new registered notes that are identical in all material respects to the 2010 Notes, except for certain provisions, among others, relating to additional interest and transfer restrictions or (ii) under certain circumstances, to file a shelf registration statement with the SEC with respect to the 2010 Notes. Under certain circumstances if the Reynolds Issuers do not meet their obligations under the registration rights agreement the Reynolds Issuers may be required to pay penalty interest of up to a maximum of 1.00% per annum. If applicable, penalty interest would commence from May 4, 2011.

The indenture for the 2010 Notes contains customary covenants which restrict the combined Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the indenture for the 2010 Notes.

The Reynolds Issuers, at their option, can elect to redeem the 2010 Notes under terms and conditions specified in the indenture. The terms of the early redemption constitute an embedded derivative. In accordance with the combined Group's accounting policy for embedded derivatives, the combined Group has recognised an embedded derivative in relation to the redemption provisions of the 2010 Notes.

In certain circumstances which would constitute a change in control, the holders of the 2010 Notes have the right to require the Reynolds Issuers to repurchase the 2010 Notes at a premium.

(k) CHH Facility

During the period Evergreen Packaging Inc. ("EPI") and Evergreen Packaging Canada Limited ("EPCL") were borrowers under a syndicated multi-option facility agreement dated December 18, 2006 as amended (the "CHH Facility"). The other borrowers under the CHH Facility are Carter Holt Harvey Limited ("CHHL"), Carter Holt Harvey Finance Australia Pty Limited, Evergreen Packaging US, Evergreen Packaging New Zealand Limited and Evergreen Packaging Holdings Limited. EPI and EPCL were released as borrowers on May 3, 2010 in connection with the combined Group's acquisition of EPI, Evergreen Packaging (Luxembourg) S.à r.l. and their respective subsidiaries (the "Evergreen Group") from CHHL.

The CHH Facility is comprised of a revolving tranche of US$100.0 million and term tranches of NZ$1,800.0 million, NZ$200.0 million, NZ$200.0 million and US$425.0 million, as reduced in accordance with the terms of the CHH Facility. The CHH Facility is for a five year term maturing in January 2012. Amounts borrowed under the CHH Facility are secured by way of cross guarantees from certain members of the group comprised of CHHL, Building Supplies Group Holdings Pty Limited and their respective subsidiaries (the "Carter Holt Harvey Group") and first ranking security interests. Security includes real property mortgages over certain strategic land holdings, debenture security provided directly by certain members the Carter Holt Harvey Group 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 on a second ranking basis by certain New Zealand guarantors.

The securities and guarantees in respect of the CHH Facility that had been granted by certain members of the Evergreen Group were released on May 4, 2010 in connection with the combined Group's acquisition of the Evergreen Group from CHHL. As at December 31, 2009 the CHH Facility was drawn in the amount of NZ$773.6 million (€390.9 million), US$29.6 million (€20.6 million) and CA$29.7 million (€19.7 million).

(l) Blue Ridge Facility

During the period Blue Ridge Paper Products, Inc. ("Blue Ridge"), was the borrower under a US$50.0 million revolving credit agreement dated as of December 17, 2003 among Blue Ridge, BRPP, LLC and General Electric Capital Corporation, as agent and lender (the "GE Agreement"). The GE Agreement was repaid in full on May 3, 2010, prior to the combined Group's acquisition of Blue Ridge from CHHL. As at December 31, 2009 the GE Facility was drawn in the amount of US$43.1 million (€30.0 million).

(m) Other borrowings

In addition to the 2009 Credit Agreement, as amended, the 2009 Notes, the 2007 Notes and the 2010 Notes, the combined Group has a number of unsecured working capital facilities extended to certain operating companies of the combined Group. These facilities can bear interest at floating or fixed rates.

At June 30, 2010 the combined Group had local working capital facilities in a number of jurisdictions which are secured by the collateral under the 2009 Credit Agreement, the 2009 Notes and certain other assets. The local working capital facilities which are secured by the collateral under the 2009 Credit Agreement and the 2009 Notes rank pari passu with the obligations under the 2009 Credit Agreement and the 2009 Notes. At June 30, 2010 the secured facilities were utilised in the amount of €5.1 million in the form of short term bank overdrafts, letters of credit and bank guarantees.

Assets pledged as security for loans and borrowings

As a result of the pledge of the shares in BP I (a wholly owned subsidiary of RGHL), the carrying values of the assets pledged as collateral under the 2009 Credit Agreement and the 2009 Notes equates to the assets of the combined Group.

16. Provisions

As at

In millions of €	Legal & warranty	Restructuring	Workers' compensation	Other	Total
Current	15.8	16.5	5.7	5.1	43.1
Non-current	19.2	0.8	0.1	4.7	24.8
Total provisions at June 30, 2010	**35.0**	**17.3**	**5.8**	**9.8**	**67.9**
Current	16.6	23.4	4.5	3.3	47.8
Non-current	19.0	1.9	0.1	4.2	25.2
Total provisions at December 31, 2009	**35.6**	**25.3**	**4.6**	**7.5**	**73.0**

17. Equity and reserves

17.1 Share capital

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

Beverage Packaging Holdings (Luxembourg) I S.A.

For the period

Number of shares	Six months ended June 30, 2010	Twelve months ended December 31, 2009
Balance at the beginning of the period	13,063,527	13,063,527
Issue of shares	-	-
Balance	**13,063,527**	**13,063,527**

On November 5, 2009 RGHL (the sole shareholder) contributed €368.6 million to the special reserve account connected to the share capital of BP I. No additional shares were issued in connection with this capital contribution.

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

Beverage Packaging Holdings (Luxembourg) II S.A.

For the period

Number of shares	Six months ended June 30, 2010	Twelve months ended December 31, 2009
Balance at the beginning of the period	1,000	1,000
Issue of shares	-	-
Balance	**1,000**	**1,000**

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

Evergreen Packaging Inc.

For the period ended Number of shares	Six months ended June 30, 2010	Twelve months ended December 31, 2009
Balance at the beginning of the period	1,000	1,000
Issue of shares	640	-
Balance	**1,640**	**1,000**

On May 3, 2010, EPI issued to Evergreen Packaging US, its parent company at the time of issue, 640 fully paid shares of common stock at an issue price of US$0.01 per share and received a capital contribution of US$624.6 million (€472.9 million).

On January 7, 2009, EPI received US$12.0 million (€8.9 million) in consideration for the issuance of 405 shares to Evergreen Packaging US.

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 EPI's residual assets in the event of a wind-up.

Evergreen Packaging International B.V.

For the period ended Number of shares	Six months ended June 30, 2010	Twelve months ended December 31, 2009
Balance at the beginning of the period	186	186
Issue of shares	-	-
Balance	**186**	**186**

On February 19, 2009, EPIBV's parent company at the time, Evergreen Packaging (Antilles) N.V., contributed €47.4 million as a non stipulated share premium without the issuance of 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 EPIBV's residual assets in the event of a wind-up.

17.2 Reserves

As at In millions of €	June 30, 2010	December 31, 2009
Translation reserve	225.1	6.8
Other reserves	(1,096.0)	(416.1)
Balance	**(870.9)**	**(409.3)**

(a) Translation reserve

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

(b) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. On November 5, 2009, the 2007 SIG Senior Credit Facilities were repaid in full and as a result, the interest rate hedges became ineffective. In accordance with IAS 39 "Financial Instruments: Recognition and Measurement", the cumulative hedge reserve balance at November 5, 2009 was transferred to the profit and loss section of the statements of comprehensive income.

(c) Other reserves

The other reserves comprise balances resulting from business combinations with entities under common control. In accordance with the combined Group's accounting policy for business combinations under common control, the combined Group has recognised in other reserves the difference between the purchase price paid for the businesses acquired and the carrying values of the share capital of the parent companies acquired for the transactions which occurred on November 5, 2009 and May 4, 2010.

17.3 Dividends

There were no dividends declared or paid by BP I or BP II during the six month period ended June 30, 2010 (2009: nil).

18. Related parties

Parent and ultimate controlling party

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

Related party transactions

The entities, the nature of the relationship and the types of transactions with which the combined Group entered into related party transactions during the six month period ended June 30, 2010 are detailed below:

Entity name	Nature of relationship	Nature of transactions
RGHL	Immediate parent	Financing (loan), interest expense [b]
BPC Finance (N.Z.) Limited	Common ultimate shareholder	Transfer of tax losses
BPC United States Inc.	Common ultimate shareholder	Management fees, trade payables, loan to related party, sale of property, plant and equipment [f][h]
Burns Philp Canada Group Limited	Common ultimate shareholder	Loan to related party[g]
CHHL	Common ultimate shareholder	Trade receivables, trade payables, loans from related party, interest expense, sale of goods, settlement of loan, acquisition of Whakatane Paper Mill [c] [i]
Carter Holt Harvey Packaging Pty Limited	Common ultimate shareholder	Trade payables
Carter Holt Harvey Pulp & Paper Limited	Common ultimate shareholder	Trade receivables, trade payables, sale of goods
Closure Systems International (NZ) Limited	Common ultimate shareholder	Trade payables
Evergreen Packaging New Zealand Limited	Common ultimate shareholder	Trade payables, loan from related party, settlement of loan[j]
Evergreen Packaging US	Common ultimate shareholder	Trade payables
Ivex Holdings, Ltd.	Common ultimate shareholder	Loans from related party with interest at GBP LIBOR + 0.5%, settlement of loan
Kama Europe Limited	Common ultimate shareholder	Trade receivables
Nerva Investments Limited	Common ultimate shareholder	Transfer of tax losses
Rank Group Limited	Common ultimate shareholder	Trade payables, reimbursement of marketing expenses
Reynolds Consumer Products (NZ) Limited	Common ultimate shareholder	Trade receivables, loan from related party with interest at 6.21%
Reynolds Food Packaging Canada Inc.	Common ultimate shareholder	Trade receivables, trade payables
Reynolds Food Packaging LLC	Common ultimate shareholder	Trade payables, trade receivables, purchase of goods, loan from related party with interest at USD Libor + 4.5%, settlement of loan, recharges[d] [e]
Reynolds Packaging (NZ) Limited	Common ultimate shareholder	Trade payables
Reynolds Packaging Group (NZ) Limited	Common ultimate shareholder	Trade payables
Reynolds Packaging Inc.	Common ultimate shareholder	Trade receivables, trade payables
Reynolds Packaging International B.V.	Common ultimate shareholder	Loans from related party with interest at 5.04% - 6.33%, settlement of loan [e]
Reynolds Packaging Kama Inc.	Common ultimate shareholder	Trade payables, trade receivables, recharges
Reynolds Packaging LLC	Common ultimate shareholder	Loans from related party with interest at USD Libor+ 4.5%, trade payables, trade receivables, non-current receivable, recharges, settlement of loan[d] [e]
Reynolds Treasury (NZ) Limited	Common ultimate shareholder	Loans from related party with interest at USD Libor + 4.5%, collection of cash and payment of suppliers
SIG Combibloc Obeikan FZCO	Joint venture	Sales of goods[a]
SIG Combibloc Obeikan Company Limited	Joint venture	Production[a]
Ultra Pac, Inc.	Common ultimate shareholder	Trade receivables, trade payables

In millions of €	Transaction values for the period ended June 30, 2010	2009	Balances outstanding as at June 30, 2010	December 31, 2009
Transactions with the immediate and ultimate parent companies				
Loan due to immediate parent[(b)]	-	-	(11.5)	(11.4)
Interest charged	(0.2)	(0.2)	-	-
Transactions with joint ventures				
Sale of goods[(a)]	35.6	31.3	25.4	16.7
Purchase of goods[(a)]	-	-	(1.1)	(2.6)
Transactions with other related parties				
Trade receivables				
BPC United States Inc	0.4	0.2	0.5	0.1
Sale of property, plant and equipment [(h)]	2.1	-	-	-
CHHL	-	-	5.1	-
Sale of goods	7.0	-	-	-
Carter Holt Harvey Pulp & Paper Limited	-	-	0.6	-
Sale of goods	0.5	-	-	-
Kama Europe Limited	0.1	-	0.1	-
Rank Group Limited – reimbursement of marketing expenses	-	5.4	-	-
Reynolds Consumer Products (NZ) Limited	-	-	-	1.8
Reynolds Food Packaging Canada Inc.	1.1	-	1.0	1.0
Sale of goods	-	0.4	-	-
Reynolds Food Packaging LLC	-	-	32.0	21.9
Recharges[(d)]	13.0	9.4	-	-
Sale of goods	14.2	12.7	-	-
Reynolds Packaging Inc.	-	-	5.2	13.8
Recharges	8.5	1.7	-	-
Sale of goods	2.0	-	-	-
Reynolds Packaging Kama Inc.	0.1	-	5.9	4.1
Recharges	2.7	5.4	-	-
Reynolds Packaging LLC	-		66.3	27.9
Recharges[(d)]	14.3	27.1	-	-
Sale of goods	0.1	0.5	-	-
Ultra Pac, Inc.	-	-	3.0	3.0
Recharges	0.6	2.4	-	-
Trade payables				
BPC United States Inc	-	-	(0.7)	-
Management fees	(0.6)	(0.9)	-	-
CHHL	-	-	(1.0)	(0.1)
Purchase of Whakatane Paper Mill[(i)]	(34.6)	-	-	-
Purchase of goods	(1.1)	-	-	-
Carter Holt Harvey Packaging Pty Limited	-	-	(0.2)	-
Carter Holt Harvey Pulp & Paper Limited	-	-	(3.3)	-
Purchase of goods	(5.7)	-	-	-
Closure Systems International (NZ) Limited	-	-	-	(5.2)
Evergreen Packaging New Zealand Limited	(13.7)	-	(13.7)	-
Evergreen Packaging US	(8.6)	-	(8.6)	-
Rank Group Limited	-	-	(0.1)	(0.1)
Reynolds Food Packaging Canada Inc.	-	-	(1.0)	(0.4)
Recharges	(0.6)	(0.3)	-	-
Reynolds Food Packaging LLC	-	-	(18.5)	(13.0)
Advances	-	-	-	-
Recharges	(0.5)	(0.5)	-	-
Purchase of goods	(6.1)	(2.4)	-	-
Reynolds Packaging (NZ) Limited	(0.5)	(0.4)	(0.5)	(0.4)
Reynolds Packaging Group (NZ) Limited	(0.3)	(0.5)	(0.3)	(0.4)
Reynolds Packaging Inc.	-	-	(0.1)	(0.2)
Recharges	(0.3)	-	-	-
Reynolds Packaging Kama Inc.	(2.7)	-	(5.1)	(1.0)
Reynolds Packaging LLC	-	-	(38.1)	(27.6)
Recharges	(4.5)	(4.5)	-	-
Purchase of goods	(18.5)	(16.1)	-	-

In millions of €	Transaction values for the period ended June 30, 2010	2009	Balances outstanding as at June 30, 2010	December 31, 2009
Reynolds Treasury (NZ) Limited	-	-	-	(0.5)
Collection of cash and payment of suppliers	-	(12.5)	-	-
Interest charged	-	(1.0)	-	-
Repayment	-	-	-	-
Ultra Pac, Inc.	-	(0.3)	(0.4)	(0.3)
Loans receivable				
BPC United States Inc.[f]	-	-	-	8.2
Burns Philp Canada Group Limited[g]	-	-	-	0.2
Reynolds Packaging LLC	-	-	-	17.9
Loans payable				
CHHL [c]	-		-	-
Interest charged	-	(9.5)	-	-
Advances from related party	-	(12.5)	-	-
Settlements		5.0		
Evergreen Packaging New Zealand Limited[j]	-	-	-	-
Interest charged	-	(0.2)	-	-
Settlements	-	2.4	-	-
Ivex Holdings, Ltd	-		-	-
Settlements	-	0.8	-	-
Reynolds Consumer Products (NZ) Limited	-		-	-
Interest charged	-	(2.7)	-	-
Reynolds Food Packaging LLC[e]	-		-	-
Interest charged	-	(0.7)	-	-
Advances from related party	-	(31.6)	-	-
Settlements	-	24.4	-	-
Reynolds Packaging International B.V.	-		-	-
Interest charged	-	(0.2)	-	-
Advances from related party	-	(4.6)	-	-
Settlements	-	10.6	-	-
Reynolds Packaging LLC[e]	-		-	(1.0)
Interest charged		(0.7)	-	-
Settlements	-	0.1	-	-
Payables related to transfer of tax losses from:				
BPC Finance (N.Z.) Limited	-	(6.9)	-	(8.6)
Nerva Investments Limited	-	(6.9)	-	(8.6)

(a) All transactions with joint ventures are conducted on an arm's length basis and are settled in cash. Sales of services are negotiated on a cost-plus basis allowing a margin ranging from 3% to 6%. All amounts are unsecured, non-interest bearing and repayable on demand.

(b) The advance from RGHL accrues interest at a rate based on EURIBOR plus a margin of 2.38%. During the six month period ended June 30, 2010, interest accrued at 3.01% to 3.08% (2009: 3.87% to 5.22%). This loan is subordinated to the obligations under the 2009 Credit Agreement and the 2009 Notes and is subject to certain other payment restrictions, including in favour of the 2007 Notes under the terms of the inter-creditor arrangements.

(c) The following intercompany loans involved CHHL:

(i) Intercompany loans arising from a Payment in Kind (PIK) note which provided for interest based upon a fixed rate of 9%, compounded semi- annually.

(ii) Intercompany loan bearing interest at the US Bill Rate plus a margin of 1.75%. Interest of 2.8% was charged during the six month period ended June 30, 2009. Amounts are unsecured and payable on demand.

(iii) This amount bore interest at the AFR rate with interest of 0.6% to 0.8% charged during the six month period ended June 30, 2009.

(iv) On February 19, 2009 CHHL assigned a loan payable by the combined Group of €47.4 million to Evergreen Packaging Holdings Limited for an issue of shares, subsequently assigned to Evergreen Packaging New Zealand Limited and then to Evergreen Packaging Antilles N.V. for an issue of shares and converted to equity in Evergreen Packaging International B.V. (a member of the combined Group). Refer to note 17.

(d) Certain employees of related entities are included within the defined benefit and post-employment medical plans of the combined Group. During the six month period ended June 30, 2010, as a component of recharges, the combined Group charged €0.7 million (2009: €1.1 million) and €1.5 million (2009: €1.0 million) to these entities in respect of the costs of the defined benefit and post-employment medical benefit plans, respectively.

(e) During the six month period ended June 30, 2009, certain related party trade balances were netted through certain loan accounts. The activity through these accounts includes recharges, corporate allocations and the sale and purchase of goods. The netting activity through the loan accounts resulted in increases in the loans payables to Reynolds Food Packaging LLC (€27.3 million) and Reynolds Packaging LLC (€31.1 million) as at June 30, 2009. These loans were subsequently settled or transferred to related party trade payables in 2009.

(f) The advance due from BPC United States Inc. accrued interest at a rate based upon the AFR rate, set monthly with interest of 0.6% to 0.8% charged during the six month period ended June 30, 2009. Amounts are unsecured and payable on demand.

(g) The advance due from Burns Philp Canada Group Limited is non-interest bearing and unsecured.

(h) On April 29, 2010 Blue Ridge Paper Products Inc. sold land and buildings held in Richmond to BPC United States Inc. The consideration paid was the net book value of the assets at the date of sale, being US$2.7 million (€2.1 million) with settlement being made on the date of sale.

(i) On May 4, 2010 the combined Group acquired the Whakatane Paper Mill for a purchase price of US$48.0 million (€36.4 million), being the fair value of the net assets at the date purchased, from CHHL. The consideration paid to the seller of the assets was subject to certain post closing adjustments relating to the closing net working capital, reimbursable wages and other stub period adjustments. The post-closing adjustment resulted in CHHL owing the combined Group an amount of US$2.2 million (€1.7 million) which was paid on June 25, 2010.

(j) The balances due to Evergreen Packaging New Zealand Limited comprised:

(i) a US$ bond bearing interest at a fixed rate of 6.9%.

(ii) a US$ loan bearing interest at a rate based upon the three month LIBOR, set quarterly, plus a margin of 1.75%. During the period ended June 30, 2009 interest ranged from 2.0% to 3.0%.

(iii) a US$ loan bearing interest at a rate based upon the one-month LIBOR, set monthly plus a margin of 1.75%.

19. Business combinations

Closure Systems International Americas, Inc.

On February 1, 2010, the combined Group purchased 100% of the issued capital of Obrist Americas, Inc., a U.S. manufacturer of plastic non-dispensing screw closures for carbonated soft drinks and water containers. The cash consideration paid on closing of US$35.1 million (€25.1 million) was subject to certain post-closing adjustments which were settled during the current period and increased the purchase price by a further US$1.1 million (€0.8 million). The acquired company was subsequently renamed Closure Systems International Americas, Inc. ("CSI Americas").

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

In millions of €	
Cash and cash equivalents	7.7
Trade and other receivables	1.5
Inventories	7.7
Other current assets	0.1
Property, plant and equipment	11.1
Intangible assets	2.4
Trade and other payables	(4.2)
Provisions	(0.1)
Employee benefits	(0.3)
Net assets acquired	25.9
Difference between net assets acquired and consideration paid	-
Consideration paid, settled in cash	25.9
Cash acquired	(7.7)
Net cash outflow	**18.2**

The preliminary values of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values. The fair values of all of the items listed above have been determined on a provisional basis, pending completion of independent valuations and U.S. GAAP to IFRS accounting policy analysis.

The acquisition of CSI Americas contributed revenue of US$22.5 million (€17.3 million) and a net loss of US$2.3 million (€1.8 million) to the combined Group for the period ended June 30, 2010. If the purchase had occurred on January 1, 2010, management estimates that the business would have contributed additional revenue of US$3.8 million (€2.6 million), additional EBITDA of $2.6 million (€1.9 million) and additional profit of US$1.1 million (€0.8 million). In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2010.

The combined Group expects to finalise the purchase price accounting adjustments within 12 months of the date of acquisition.

For the six month period ended June 30, 2010, the combined Group has incurred acquisition related costs of €0.9 million which have been expensed in the combined Group's statements of comprehensive income. The combined Group and the seller are party to a transition services agreement under which the combined Group will pay the seller for administrative services until CSI Americas is fully integrated within the combined Group. For the six month period ended June 30, 2010, the combined Group incurred costs of €0.3 million related to these transition services.

20. Business combinations under common control

Evergreen Packaging Group

On May 4, 2010 the combined Group acquired the business operations of Evergreen from subsidiaries of Rank Group Limited. At the time of this transaction, both the combined Group and Evergreen were owned by a common ultimate sole shareholder, Mr. Graeme Hart.

The original acquisitions of the Evergreen businesses were completed between January 31, 2007 and July 31, 2007.

As at May 4, 2010, the effect of the legal consummation of the acquisition was as follows:

In millions of €	
Consideration paid in cash**	1,202.4
Plus working capital adjustments unpaid as at June 30, 2010 (net of movements in foreign exchange)	18.6
Total consideration	1,221.0
Net book value of share capital of the acquired businesses	(541.1)
Difference between total consideration and net book value of share capital of acquired businesses*	**679.9**

Closures and Reynolds Consumer businesses

On November 5, 2009 the combined Group acquired the business operations of the Closures and Reynolds Consumer segments from subsidiaries of Reynolds (NZ) Limited ("Reynolds"). At the time of this transaction, both the combined Group and Reynolds were owned by a common ultimate sole shareholder, Mr. Graeme Hart.

The original acquisition of the Closures and Reynolds Consumer businesses was substantially completed on February 29, 2008.

As at November 5, 2009, the effect of the legal consummation of the acquisition was as follows:

In millions of €	
Consideration paid in cash**	1,143.2
Plus working capital adjustments unpaid as at December 31, 2009 and paid in 2010	3.4
Total consideration	1,146.6
Net book value of share capital of the acquired businesses	(747.9)
Difference between total consideration and net book value of share capital of acquired businesses*	**398.7**

* In accordance with the combined Group's accounting policy for acquisitions under common control, the difference between the share capital of the acquired businesses and the consideration paid has been recognised directly in equity as part of other reserves.

** The combined Group has accounted for the acquisition under the principles of common control. As a result, the cash acquired as part of the acquisition is already included in the combined Group's cash balance and does not form part of the net cash outflow. Further, the results of operations of the businesses acquired are included in the statements of comprehensive income from January 31, 2007 for Evergreen and from February 29, 2008 for Reynolds Consumer and Closures.

21. Contingencies

	As at	
In millions of €	**June 30, 2010**	**December 31, 2009**
Contingent liabilities	22.9	22.3

The contingent liabilities primarily arise from the guarantees given to banks granting credit facilities to the combined Group's joint venture company, SIG Combibloc Obeikan Company Limited, in Riyadh, Kingdom of Saudi Arabia.

Litigation and legal proceedings

The combined Group is subject to litigation in the ordinary course of operations, for which a provision has been recognised in the combined Group's interim unaudited condensed combined financial statements as at June 30, 2010. The combined 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.

Security and guarantee arrangements

Certain members of the combined Group have entered into a guarantee and security arrangement in respect of the combined Group's indebtedness as described in note 15.

22. Filling machines

The combined Group sells some of its filling machines to third party finance companies, which then lease the machines to customers. Filling machines may be replaced or returned due to changes in customers' demands or technological progress. These machines are usually refurbished and resold. Returned machines are recognised as a component of inventories. The related financial risks are evaluated annually based on the net present value of future lease income, and, if necessary, provisions are recognised. As at June 30, 2010 provisions were not required. If the combined Group became obligated to buy back filling machines from customers, there is a potential maximum exposure of €49.1 million (December 31, 2009: €60.4 million).

23. Subsequent events

On August 9, 2010 Closure Systems International B.V. acquired the remaining 49% of the issued capital of Closure Systems International (Korea), Ltd. ("CSI Korea"), from the minority interest holder for consideration of KRW3,478.5 million (€2.4 million). Following the completion of this transaction, CSI Korea became a wholly owned subsidiary of the combined Group.

On August 16, 2010, the combined Group entered into a definitive agreement to acquire all of the outstanding stock of Pactiv Corporation ("Pactiv"). Under the terms of the agreement and plan of merger, the combined Group will pay $33.25 per Pactiv share (in cash), for a total purchase price of approximately $4.6 billion. Pactiv is a leading producer of consumer and foodservice packaging products, including the well-known "Hefty" brand of food and trash bags and disposable tableware. The transaction is expected to close in the fourth quarter of 2010 or the first quarter of 2011 and is subject to customary regulatory approvals and closing conditions, including the approval of Pactiv's shareholders. The combined Group expects to finance the purchase price of the acquisition of Pactiv and associated transaction costs with up to approximately $5.0 billion of new indebtedness. As a result of entering into this agreement, the combined Group has incurred financing commitment fees of US$70.0 million (€57.3 million).

The combined Group expects to enter into an agreement to acquire the Reynolds Foodservice business from certain affiliated entities that are under the ownership of the ultimate sole shareholder, Mr. Graeme Hart. It is expected that the acquisition will close during the third quarter of 2010. The purchase price and associated transaction costs will be financed from the existing cash reserves of the combined Group.

Other than the above, there have been no events subsequent to the end of the financial period which would require accrual or disclosure in the interim unaudited condensed combined financial statements.