

Dopaco
Interim Combined Financial Statements
(Unaudited)
March 27, 2011 and March 28, 2010
(in thousands of US dollars)

Dopaco
Interim Combined Balance Sheets
(Unaudited)

	<u>Note</u>	<u>As at March 27, 2011</u>	<u>As at December 26, 2010</u>
		\$	\$
		(In thousands of US dollars)	
Assets			
Current assets			
Cash		27	28
Receivables		31,738	33,919
Inventories	3	56,117	60,006
Prepaid expenses		<u>3,169</u>	<u>2,399</u>
		91,051	96,352
Investment in significantly influenced company		2,046	2,215
Property, plant and equipment		153,605	157,627
Customer relationships and client lists		15,831	15,998
Goodwill		20,231	20,066
Deferred income tax assets		14,128	12,998
Other long-term assets		<u>2,003</u>	<u>2,071</u>
		<u>298,895</u>	<u>307,327</u>
Liabilities and Invested Equity			
Current liabilities			
Accounts payable and accrued liabilities			
— Third parties		35,890	35,031
— Related parties		2,076	2,089
Income taxes payable		<u>796</u>	<u>559</u>
		38,762	37,679
Other long-term liabilities		16,756	13,506
Deferred income tax liability		<u>51,149</u>	<u>51,307</u>
		<u>106,667</u>	<u>102,492</u>
Contingency	5		
Invested equity			
Owner's net investment		<u>182,821</u>	<u>199,367</u>
Accumulated other comprehensive income		<u>9,407</u>	<u>5,468</u>
		<u>192,228</u>	<u>204,835</u>
		<u>298,895</u>	<u>307,327</u>

The accompanying notes are an integral part of these interim combined financial statements.

Dopaco
Interim Combined Statements of Earnings
(Unaudited)
For the three-month periods ended March 27, 2011 and March 28, 2010

	<u>2011</u>	<u>2010</u>
	\$	\$
	(In thousands of US dollars)	
Sales	108,547	107,273
Cost of sales and expenses		
Cost of sales		
— Third parties	85,626	82,950
— Related parties	9,606	10,209
Selling and administrative expenses		
— Third parties	10,974	7,645
— Related parties	116	197
Other operating expenses	<u>8</u>	<u>52</u>
	106,330	101,053
Operating income	<u>2,217</u>	<u>6,220</u>
Interest income	16	175
Foreign exchange gain	<u>238</u>	<u>177</u>
	<u>254</u>	<u>352</u>
Earnings before income taxes	2,471	6,572
Provision for income taxes	566	631
Share of results of significantly influenced company	<u>(4)</u>	<u>128</u>
Net earnings for the period	<u><u>1,901</u></u>	<u><u>6,069</u></u>

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Dopaco
Interim Combined Statements of Comprehensive Income
(Unaudited)
For the three-month periods ended March 27, 2011 and March 28, 2010

	<u>2011</u>	<u>2010</u>
	\$	\$
	(In thousands of US dollars)	
Net earnings for the period	<u>1,901</u>	<u>6,069</u>
Change in foreign currency translation adjustment of foreign operations	3,807	1,877
Actuarial gain on employee future benefits, net of taxes.	<u>132</u>	<u>45</u>
Other comprehensive income	<u>3,939</u>	<u>1,922</u>
Comprehensive income for the period	<u><u>5,840</u></u>	<u><u>7,991</u></u>

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Dopaco
Interim Combined Statement of Invested Equity
(Unaudited)
For the three-month periods ended March 27, 2011

	<u>Owner's net investment</u>	<u>Accumulated other comprehensive income</u>	<u>Total invested equity</u>
	\$	\$	\$
	(In thousands of US dollars)		
Balance — December 26, 2010	199,367	5,468	204,835
Net earnings for the period.	1,901	—	1,901
Net transfers to Owner.	(18,447)	—	(18,447)
Other comprehensive income	—	<u>3,939</u>	<u>3,939</u>
Balance — March 27, 2011	<u>182,821</u>	<u>9,407</u>	<u>192,228</u>

The accompanying notes are an integral part of these interim combined financial statements.

Dopaco
Interim Combined Statements of Cash Flows (Unaudited)
For the three-month periods ended March 27, 2011 and March 28, 2010

	<u>2011</u> \$	<u>2010</u> \$
	(In thousands of US dollars)	
Operating activities		
Net earnings for the period	1,901	6,069
Adjustments to reconcile net earnings to cash flows from operations		
Depreciation and amortization	5,767	5,924
Share of results of significantly influenced company	4	(128)
Deferred income taxes	(992)	(1,558)
Other	3,798	(2,210)
Changes in current assets and liabilities		
Receivables	2,373	701
Inventories	4,192	(24)
Prepaid expenses	(760)	(728)
Income taxes	206	10
Accounts payable and accrued liabilities		
— Third parties	685	(4,985)
— Related parties	<u>(13)</u>	<u>(49)</u>
Net cash provided by operating activities	<u>17,161</u>	<u>3,022</u>
Investing activities		
Additions to property, plant and equipment	<u>(924)</u>	<u>(2,716)</u>
Net cash used in investing activities	<u>(924)</u>	<u>(2,716)</u>
Financing activities		
Net transfers to Owner	<u>(16,238)</u>	<u>(305)</u>
Net cash used in financing activities	<u>(16,238)</u>	<u>(305)</u>
Net changes in cash	(1)	1
Cash — Beginning of period	<u>28</u>	<u>33</u>
Cash — End of period	<u>27</u>	<u>34</u>

The accompanying notes are an integral part of these interim combined financial statements.

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Notes to Interim Combined Financial Statements (Unaudited) March 27, 2011 and March 28, 2010 (in thousands of US dollars)

1 Nature of activities and basis of presentation

On May 2, 2011, Cascades Inc., through its wholly owned subsidiary, Cascades USA Inc. (“Cascades USA”), (together, the “Owner”) completed the sale of Dopaco Inc. and Dopaco Canada Inc. (together “Dopaco”) to Reynolds Group Holdings Limited. Dopaco manufactures and supplies packaging, including cups and lids, for the quick service restaurant and food service industries in North America. These interim combined financial statements have been prepared in connection with this sale, and present the carve-out historical interim combined financial position, results of operations and cash flows of Dopaco as if it operated on a stand-alone basis subject to the Owner’s control, which is more fully described in note 1 to the audited combined financial statements as at December 26, 2010 and December 27, 2009.

Dopaco ceased to be a guarantor of the Owner’s external Senior Notes on May 2, 2011.

The accompanying unaudited interim combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). In the opinion of management, they reflect all adjustments, of a normal recurring nature, that are necessary for the fair presentation of Dopaco’s financial position, results of operations and cash flows for the interim periods presented. Results of the first three months of the year may not necessarily be indicative of full year results. These interim combined financial statements should be read in conjunction with the audited combined financial statements as at December 26, 2010 and December 27, 2009 and for the years ended December 26, 2010, December 27, 2009 and December 28, 2008, and the notes thereto.

Dopaco uses a 13-week quarterly period with the period-end falling on the last Sunday of March of each year. The first quarters are referred to as the three-month periods ended March 27, 2011 and March 28, 2010.

2 New accounting standards

Adopted in 2011

In January 2010, the Financial Accounting Standards Board issued an update of Accounting Standards Codification (“ASC”) 820-10, “Fair Value Measurements and Disclosures — Overall”, (formerly Statement of Financial Accounting Standards (“FAS”) 157, “Fair Value Measurements”) to add two new disclosures:

- transfers in and out of Level 1 and 2 measurements and the reasons for the transfers; and
- a gross presentation of activity within the Level 3 roll-forward.

The updated ASC also includes clarifications to existing disclosure requirements on the level of disaggregation and disclosures regarding inputs and valuation techniques. These modifications are effective for interim and annual periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the roll-forward activity in Level 3 fair value measurements. Those disclosures are effective for interim and annual periods beginning after December 15, 2010. Dopaco adopted the updated ASC 820-10 on December 27, 2010. The adoption of this ASC did not have an impact on Dopaco’s financial position or results of operations.

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Notes to Interim Combined Financial Statements (Unaudited) (Continued) March 27, 2011 and March 28, 2010 (in thousands of US dollars)

3 Inventories

	As at March 27, 2011 \$	As at December 26, 2010 \$
Raw materials and other supplies	14,680	16,906
Work in process	15,337	17,040
Finished goods	26,100	26,060
	56,117	60,006

4 Employee future benefits

The expense for the defined benefit pension plans for the three-month periods ended March 27, 2011 and March 28, 2010 is as follows:

	2011 \$	2010 \$
Current service cost	408	536
Interest cost	337	340
Expected return on plan assets	(262)	(234)
Recognized prior service cost	75	22
Recognized actuarial loss	82	140
Recognized net transitional obligation	1	1
Curtailment	2,680	—
Establishment of a post-retirement health benefits plan	663	—
Net periodic benefit cost	3,984	805

On February 1, 2011, Dopaco amended the Supplemental Executive Retirement Plan (“SERP”) of one of its executives. A curtailment charge of \$2,680 was recognized following this amendment. In addition to the amendment to the SERP, Dopaco also entered into an agreement to provide a post-retirement health benefits plan to one of its executives. An expense of \$663 was recognized at the inception of this plan.

5 Contingency

At the end of 2010, Dopaco defended a claim in a California state court alleging violations of the State’s on-duty meal break laws. In 2010, Dopaco recognized \$7,240 in settlement costs, representing the amounts due under the preliminary settlement agreement reached in January 2011. On April 12, 2011, the preliminary settlement was approved by the court. As such, Dopaco does not anticipate that the final outcome will differ substantially from the initial estimate or have a material adverse effect on its financial position or long-term results of operations or cash flows.

6 Subsequent event

Dopaco evaluates subsequent events through the date that its interim combined financial statements are issued, which is May 11, 2011.