

Dopaco
Combined financial statements
May 1, 2011, December 26, 2010 and December 27, 2009
(in thousands of US dollars)

Report of Independent Registered Public Accounting Firm

To the Management of
Reynolds Group Holdings Limited

We have audited the accompanying carve-out combined balance sheets of Dopaco as of May 1, 2011 and December 26, 2010, and the related carve-out combined statements of earnings, comprehensive income, invested equity and cash flows for the 126-day period ended May 1, 2011 and for the years ended December 26, 2010 and December 27, 2009. These carve-out combined financial statements are the responsibility of Dopaco's management. Our responsibility is to express an opinion on these carve-out combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the carve-out combined financial statements referred to above present fairly, in all material respects, the financial position of Dopaco as of May 1, 2011 and December 26, 2010, and the results of its operations and its cash flows for the 126-day period ended May 1, 2011 and for the years ended December 26, 2010 and December 27, 2009 in conformity with accounting principles generally accepted in the United States of America.

/s/ PRICEWATERHOUSECOOPERS LLP¹

Montreal, Canada

July 8, 2011

¹ Chartered accountant auditor permit No. 19653

Dopaco
Combined Balance Sheets

	<u>Note</u>	<u>As of May 1, 2011 \$</u>	<u>As of December 26, 2010 \$</u>
(In thousands of US dollars)			
Assets			
Current assets			
Cash		29	28
Receivables	4	33,022	33,919
Inventories	5	54,034	60,006
Prepaid expenses		2,876	2,399
Deferred income tax asset		5,354	5,740
		<u>95,315</u>	<u>102,092</u>
Investment in significantly influenced company	17	2,177	2,215
Property, plant and equipment	6	152,177	157,627
Customer relationships and client lists	7	15,775	15,998
Goodwill	8	20,371	20,066
Deferred income tax asset	11	11,076	7,258
Other long-term assets		2,088	2,071
		<u>298,979</u>	<u>307,327</u>
Liabilities and Invested Equity			
Current liabilities			
Accounts payable and accrued liabilities			
— Third parties	9	35,406	35,031
— Related parties	9,16	2,644	2,089
Income taxes payable		978	559
		39,028	37,679
Other long-term liabilities	10	15,373	13,506
Deferred income tax liability	11	43,550	46,535
		<u>97,951</u>	<u>97,720</u>
Commitments and contingencies			
Invested equity			
Owner's net investment		187,956	204,139
Accumulated other comprehensive income	15	13,072	5,468
		201,028	209,607
		<u>298,979</u>	<u>307,327</u>

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

Dopaco
Combined Statements of Earnings

	<u>Note</u>	<u>For the 126-Day Period Ended May 1, 2011 \$</u>	<u>For the Year Ended December 26, 2010 \$</u>	<u>For the Year Ended December 27, 2009 \$</u>
(In thousands of US dollars)				
Sales		<u>152,510</u>	<u>456,211</u>	<u>449,351</u>
Cost of sales and expenses				
Cost of sales				
— Third parties		118,589	349,439	344,215
— Related parties	16	14,153	41,225	44,740
Selling and administrative expenses				
— Third parties		14,260	32,000	32,788
— Related parties	16	140	599	627
Other operating expenses (net)	13(b)	<u>50</u>	<u>7,183</u>	<u>759</u>
		<u>147,192</u>	<u>430,446</u>	<u>423,129</u>
Operating income		<u>5,318</u>	<u>25,765</u>	<u>26,222</u>
Interest income		22	41	140
Foreign exchange gain		<u>134</u>	<u>394</u>	<u>982</u>
		<u>156</u>	<u>435</u>	<u>1,122</u>
Earnings before income taxes		5,474	26,200	27,344
Provision for income taxes	11	516	659	3,658
Share of results of significantly influenced company	17	<u>121</u>	<u>571</u>	<u>207</u>
Net earnings for the period		<u>5,079</u>	<u>26,112</u>	<u>23,893</u>

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

Dopaco
Combined Statements of Comprehensive Income

	Note	For the 126-Day Period Ended May 1, 2011 \$	For the Year Ended December 26, 2010 \$	For the Year Ended December 27, 2009 \$
(In thousands of US dollars)				
Net earnings for the period		<u>5,079</u>	<u>26,112</u>	<u>23,893</u>
Change in foreign currency translation adjustment of foreign operations		6,556	3,091	9,943
Actuarial gain on employee future benefits, net of taxes . . .	12(e)	<u>1,048</u>	<u>258</u>	<u>2,991</u>
Other comprehensive income		<u>7,604</u>	<u>3,349</u>	<u>12,934</u>
Comprehensive income for the period		<u><u>12,683</u></u>	<u><u>29,461</u></u>	<u><u>36,827</u></u>

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

Dopaco
Combined Statements of Invested Equity

	Owner's net investment \$	Accumulated other comprehensive income (loss) \$	Total invested equity \$
(In thousands of US dollars)			
Balance — December 28, 2008	220,681	(10,815)	209,866
Net earnings for the year	23,893	—	23,893
Net transfer to Owner	(33,337)	—	(33,337)
Other comprehensive income	—	12,934	12,934
Balance — December 27, 2009	211,237	2,119	213,356
Net earnings for the year	26,112	—	26,112
Net transfer to Owner	(33,210)	—	(33,210)
Other comprehensive income	—	3,349	3,349
Balance — December 26, 2010	204,139	5,468	209,607
Net earnings for the period	5,079	—	5,079
Net transfer to Owner	(21,262)	—	(21,262)
Other comprehensive income	—	7,604	7,604
Balance — May 1, 2011	187,956	13,072	201,028

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

Dopaco
Combined Statements of Cash Flows

	For the 126-Day Period Ended May 1, 2011 \$	For the Year Ended December 26, 2010 \$	For the Year Ended December 27, 2009 \$
(In thousands of US dollars)			
Operating activities			
Net earnings for the period	5,079	26,112	23,893
Adjustments to reconcile net earnings to cash flows from operations			
Depreciation and amortization	8,021	23,613	21,767
Share of results of significantly influenced company	(121)	(571)	(207)
Deferred income taxes	(6,170)	(6,043)	524
Other	3,222	1,555	(2,967)
Changes in current assets and liabilities			
Receivables	1,349	(3,264)	694
Inventories	6,499	(1,121)	7,688
Prepaid expenses	(467)	(398)	1,655
Income taxes	358	558	367
Accounts payable and accrued liabilities			
— Third parties	65	2,624	2,066
— Related parties	555	(208)	(233)
Net cash provided by operations	<u>18,390</u>	<u>42,857</u>	<u>55,247</u>
Investing activities			
Additions to property, plant and equipment	(1,532)	(12,252)	(27,556)
Other	145	596	464
Net cash used in investing activities	<u>(1,387)</u>	<u>(11,656)</u>	<u>(27,092)</u>
Financing activities			
Net transfer to Owner	(17,002)	(31,206)	(28,069)
Net cash used in financing activities	<u>(17,002)</u>	<u>(31,206)</u>	<u>(28,069)</u>
Net change in cash	1	(5)	86
Cash — Beginning of period	<u>28</u>	<u>33</u>	<u>(53)</u>
Cash — End of period	<u>29</u>	<u>28</u>	<u>33</u>
Supplemental disclosure			
Income taxes received	—	—	388

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

Dopaco
Notes to combined financial statements
May 1, 2011, December 26, 2010 and December 27, 2009
(In thousands of US dollars)

1 Nature of activities

Description of business

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 combined financial statements have been prepared in connection with this sale, and present the carve-out historical 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.

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

Period-end date

Dopaco uses a 52- or 53-week fiscal year with the year-end date being the last Sunday of December of each year. In the context of the sale of Dopaco described above, Dopaco prepared these combined financial statements for the 126-day period from December 27, 2010 to May 1, 2011, with comparative combined financial statements for the fiscal years ended December 26, 2010 and December 27, 2009, which are both 52-week periods. Those periods are referred to as 2011, 2010 and 2009, respectively.

Basis of presentation

Dopaco’s combined financial statements are presented using accounting principles generally accepted in the United States of America (“US GAAP”). Dopaco has elected to use the US dollar as its reporting currency. Management believes the assumptions underlying the combined financial statements, including the allocations described below, are reasonable. However, the combined financial statements may not necessarily reflect Dopaco’s combined results of operations, financial position and cash flows in the future or what its results on operations, financial position and cash flows would have been had Dopaco been a stand-alone entity during the periods presented.

As these combined financial statements represent the combination of two separate legal entities wholly owned by Cascades USA, the net assets of Dopaco have been presented as Owner’s net investment. The Owner’s net investment in Dopaco is primarily composed of (i) the initial investment to establish the net assets (and any subsequent adjustments thereto); (ii) the accumulated net earnings; (iii) net transfers to or from the Owner, including those related to cash management functions performed by the Owner; (iv) non-cash changes in financing arrangements, including the conversion of certain related party liabilities into Owner’s net investment; (v) corporate cost allocations; and (vi) changes in certain income tax liabilities or assets.

The effects of the initial acquisition of Dopaco by the Owner and the subsequent adjustments to the carve-out basis of accounting applied to Dopaco were recorded in accordance with the United States Securities and Exchange Commission’s Staff Accounting Bulletin (“SAB”) Topic 5J, “Push Down Basis of Accounting Required in Certain Limited Circumstances”, which was codified into ASC Topic 805. Accordingly, in the accompanying May 1, 2011 and December 26, 2010 combined balance sheets, the portion of the total consideration and related costs paid by the Owner in connection with its acquisition of, and attributable to, Dopaco have been pushed down to Dopaco and allocated to the assets acquired and liabilities assumed at the date of acquisition in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 141, “Business Combinations”.

Dopaco

Notes to combined financial statements (Continued)

1 Nature of activities (continued)

Allocations from Owner

In addition to the carve-out of businesses and entities comprising the operations and the net assets of Dopaco, these combined financial statements also include allocations of certain Owner's expenses, with corresponding amounts included in the combined balance sheets within Owner's net investment. Allocated items are described below.

The expenses allocated represent management's best estimates and are not necessarily indicative of the expenses that would have been incurred had Dopaco performed these functions as a stand-alone entity, nor are they indicative of expenses that will be charged or incurred in the future. It is not practicable to estimate the amount of expenses Dopaco would have incurred for the periods presented had it not been an affiliated entity of the Owner in each of those periods.

General corporate expenses

The Owner has allocated certain of its general corporate expenses to Dopaco based on services provided by the Owner which include fees relating to the audit and the preparation of tax returns and insurance. The general corporate expense allocations are included in selling and administrative expenses — Related parties in Dopaco's combined statements of earnings.

Income taxes

Income taxes are calculated as if all of Dopaco's operations had been separate tax-paying legal entities, each filing a separate tax return in its local tax jurisdiction. Dopaco's income tax amounts currently payable or receivable by it are included in Owner's net investment, because the net liabilities (receivables) for the taxes due (refundable) are recorded in the financial statements of the Owner's non-group entities that file the combined tax returns, except for Canadian operations which file a separate tax return. As a result of the aforementioned structure, substantially all of Dopaco's income tax liabilities (refunds) are also paid (collected) by the Owner's various non-group entities. These net changes in income tax amounts currently payable or receivable are included in net cash transfers (to) from Owner in the accompanying combined financial statements. No adjustments have been made in these carve-out financial statements to eliminate a tax structure that was put in place during the period of the historical financial statements, as more fully described in note 11.

Cash management

Cash in the combined balance sheets comprises the cash of Dopaco's businesses. None of the Owner's cash and cash equivalents has been allocated to Dopaco in the combined financial statements.

2 Significant accounting policies

Basis of combination

The combined financial statements include the accounts of Dopaco and its investment in a joint venture accounted for using the equity method. Under the equity method, the investment is recorded at initial cost and adjusted periodically to recognize Dopaco's proportionate share of the investee's net earnings or losses, additional contributions and advances made and dividends received. Dopaco also identifies variable interest entities in which it has an interest and determines whether it is the primary beneficiary of such entities. If Dopaco is the primary beneficiary of the variable interest entities identified, those entities are combined. A variable interest entity is defined as an entity in which the equity's investment at risk is not sufficient to permit the entity to finance its activities without external financial support, or the equity investors at risk lack decision-making powers, do not absorb the expected losses, or do not receive the expected residual returns.

Dopaco

Notes to combined financial statements (Continued)

2 Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with US GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and disclosure of contingencies at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. On a regular basis and with the information available, management reviews its estimates, including those related to environmental costs, employee future benefits, collectibility of receivables, inventory valuations, profit sharing and management bonuses, contingencies, income taxes and related valuation allowance, useful life of long-lived assets and impairment of long-lived assets and goodwill. Actual results could differ from those estimates. When adjustments become necessary, they are reported in earnings in the period in which they are known.

Revenue recognition

Dopaco recognizes its sales, which consist of product sales, when persuasive evidence of an arrangement exists, the goods are shipped, the significant risks and benefits of ownership are transferred, the price is fixed or determinable, and collection of the resulting receivable is reasonably assured.

Shipping costs

Amounts charged to customers related to shipping are included in sales and the related shipping costs are recorded in cost of sales.

Cash

Cash includes cash on hand, bank balances and bank overdraft.

Receivables

Receivables are recorded at cost net of a provision for allowance for doubtful accounts that is based on expected collectibility. The allowance for doubtful accounts represents management's best estimate of probable losses inherent in the third party trade receivables balance. Management determines the allowance based on known uncollectible accounts, historical experience and other currently available evidence.

Inventories

Inventories of finished goods and work in process are valued at the lower of the first-in, first-out method and net realizable value. Cost of finished goods and work in process included material, labour and manufacturing overhead costs. Inventories of raw materials and supplies are valued at the lower of cost and net realizable value. Cost of raw materials and supplies is determined using the first-in, first-out method.

Property, plant and equipment and depreciation

Property, plant and equipment are recorded at cost less accumulated depreciation and impairments, including interest incurred during the construction period of certain property, plant and equipment. Depreciation is calculated on a straight-line basis over periods varying from 20 to 25 years for buildings and 5 to 18 years for machinery and equipment, and over periods of 3 years for computer equipment, determined according to the estimated useful life of each class of property, plant and equipment. Planned major maintenance is expensed as incurred.

Leasehold improvements are depreciated on a straight-line basis over the shorter of the life of the respective leased asset or the term of the lease, which varies from 5 to 15 years.

Dopaco

Notes to combined financial statements (Continued)

2 Significant accounting policies (continued)

Customer relationships and client lists

Customer relationships and client lists are recorded at cost less accumulated amortization and impairments, and are amortized on a straight-line basis over a period of 30 years.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the carrying value of the asset may not be recoverable, as measured by comparing their net book value to the estimated undiscounted future cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposal.

Goodwill

Goodwill is tested for impairment at each year-end, or more frequently if events or circumstances indicate that the asset may be impaired. Dopaco evaluates the recoverability of goodwill using a two-step impairment test approach at the reporting unit level. In the first step, the fair value for the reporting unit is compared to its book value including goodwill. In the event that the fair value of the reporting unit is less than its book value, a second step is performed which compares the fair value of the reporting unit's goodwill to the book value of its goodwill. The fair value of goodwill is determined based on the difference between the fair value of the reporting unit and the net fair value of the identifiable assets and liabilities of such reporting unit. If the fair value of goodwill is less than its book value, the difference is recognized as an impairment.

Employee future benefits

Dopaco offers funded and unfunded defined benefit pension plans, defined contribution pension plans and group registered retirement savings plans that provide retirement benefit payments for most of its employees. The defined benefit pension plans are non-contributory and are based on the number of years of service. Dopaco also offers a post-retirement health benefits plan to one of its executives, which is referred to as other benefit plan. Those plans are managed separately from those of the Owner.

The cost of post-retirement health benefits is actuarially determined using the projected unit credit cost method.

The cost of pensions earned by employees is actuarially determined using the projected benefit method pro-rated on years of service and management's best estimate of expected plan investment performance and retirement ages of employees. The accrued benefit obligation is evaluated using the market interest rate at the evaluation date.

For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Past service costs arising from a plan amendment are amortized on a straight-line basis over the average remaining service period of the group of employees active at the date of amendment. The excess of the net actuarial gain or loss over the greater of (a) 10% of the accrued benefit obligation at the beginning of the year and (b) 10% of the fair value of plan assets at the beginning of the year is amortized over the average remaining service period of active employees, which may vary from 14 to 22 years (weighted average of 14 years) in 2011 depending on the plan (2010 — 4 to 22 years (weighted average of 12 years)).

When restructuring a plan results in a curtailment and a settlement occurring at the same time, the curtailment is accounted for before the settlement.

The measurement date of the defined benefit pension plans is April 1 of each year, which has been extrapolated to May 1, 2011. An actuarial evaluation is performed at least every three years. Based on the pension plan liability balance, all of the plans were evaluated on May 1, 2011. The post-retirement health benefits plan was evaluated on May 1, 2011.

Dopaco

Notes to combined financial statements (Continued)

2 Significant accounting policies (continued)

The net periodic benefit cost includes the following:

- The cost of pension and post-retirement benefits provided in exchange for employees' services rendered during the period;
- The interest cost of pension and post-retirement obligations;
- The expected long-term return on pension fund assets based on a market value of pension fund assets;
- Gains or losses on settlements and curtailments;
- The straight-line amortization of past service costs and plan amendments over the average remaining service period of approximately 12 years of the active employee group covered by the plans; and
- The amortization of cumulative net actuarial gains and losses in excess of 10% of the greater of the accrued benefit obligation or market value of plan assets at the beginning of the year over the average remaining service period of approximately 12 years of the active employee group covered by the plans.

Income taxes

Dopaco uses the asset and liability approach for accounting for income taxes (also refer to Allocations from Owner — Income taxes in note 1). Under this approach, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary assets and liabilities and their respective tax bases. This approach also requires the recognition of deferred differences between the financial statement carrying amounts of existing tax assets for operating loss carryforwards and tax credit carryforwards.

The effect on deferred tax assets and liabilities of a change in tax rates and laws is recognized in earnings in the period that includes the enactment date. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the deferred tax liabilities or assets are expected to be recovered or settled. Dopaco records a valuation allowance on deferred tax assets when it is not more likely than not that the assets will be realized.

Investment tax credits are accounted for as a reduction in income tax expense. Accrued interest and penalties related to unrecognized tax benefits are recognized as part of Dopaco's provision for income taxes.

Environmental and legal claims

Costs associated with environmental and other litigation are accrued when such costs are probable and reasonably estimable. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures, if any, are discounted to their present value when the amount and timing of expected cash payments are reliably determinable.

Foreign currency translation

Foreign currency transactions

Transactions denominated in currencies other than Dopaco's measurement currency are recorded at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Unrealized gains and losses on translation of other monetary assets and liabilities are reflected in the determination of net earnings for the year.

Foreign operations

The functional currency of Dopaco's foreign operations is generally the local currency. The assets and liabilities of those foreign operations are translated into US dollars at the year-end exchange rates. Revenues and expenses are translated at the average exchange rates for the year. Translation gains and losses are recorded as a component of invested equity, in accumulated other comprehensive income.

Dopaco

Notes to combined financial statements (Continued)

3 New accounting standards

Adopted in 2011

In January 2010, the FASB issued an update of ASC 820-10, "Fair Value Measurements and Disclosures — Overall", (formerly 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 update of 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.

In October 2009, the FASB issued ASC 605-25, "Multiple Element Arrangements", for arrangements with multiple deliverables under which a company is required to use its best estimate of selling price for the deliverables in an arrangement when vendor specific objective evidence or third party evidence of the selling price is not available. In addition, the residual method of allocating arrangement consideration will no longer be permitted. Under the new guidance, non-software components of tangible products and certain software components of tangible products have been removed from the scope of existing software revenue recognition guidance. Revenue for those products will be recognized in a manner similar to revenue for other tangible products. The new guidance, including the requirement for expanded qualitative and quantitative disclosures, is effective prospectively for fiscal years beginning on or after June 15, 2010, which for Dopaco is December 27, 2010. Dopaco adopted ASC 605-25 on December 27, 2010. The adoption of this ASC did not have an impact on Dopaco's financial position or results of operations.

4 Receivables

	<u>2011</u> \$	<u>2010</u> \$
Trade receivables	30,560	32,863
Other accounts receivable	<u>2,462</u>	<u>1,056</u>
	<u>33,022</u>	<u>33,919</u>

As of May 1, 2011 and December 26, 2010, the provision for allowance for doubtful accounts is nil.

5 Inventories

	<u>2011</u> \$	<u>2010</u> \$
Raw materials and supplies	13,775	16,906
Work in process	17,125	17,040
Finished goods	<u>23,134</u>	<u>26,060</u>
	<u>54,034</u>	<u>60,006</u>

Dopaco

Notes to combined financial statements (Continued)

6 Property, plant and equipment

	2011		
	Cost \$	Accumulated depreciation \$	Net \$
Buildings and leasehold improvements	14,049	7,496	6,553
Machinery and equipment	369,875	228,840	141,035
Computer equipment	14,347	12,643	1,704
Assets under construction	<u>2,885</u>	<u>—</u>	<u>2,885</u>
	<u>401,156</u>	<u>248,979</u>	<u>152,177</u>
	2010		
	Cost \$	Accumulated depreciation \$	Net \$
Buildings and leasehold improvements	13,465	7,046	6,419
Machinery and equipment	366,097	220,759	145,338
Computer equipment	14,081	12,387	1,694
Assets under construction	<u>4,176</u>	<u>—</u>	<u>4,176</u>
	<u>397,819</u>	<u>240,192</u>	<u>157,627</u>

Depreciation of property, plant and equipment amounted to \$7,798 for the 126-day period ended May 1, 2011 (2010 — \$22,946; 2009 — \$21,100).

7 Customer relationships and client lists

	Cost \$	Accumulated amortization \$	Net \$
Balance — December 27, 2009	20,000	3,335	16,665
Amortization	<u>—</u>	<u>667</u>	<u>667</u>
Balance — December 26, 2010	20,000	4,002	15,998
Amortization	<u>—</u>	<u>223</u>	<u>223</u>
Balance — May 1, 2011	<u>20,000</u>	<u>4,225</u>	<u>15,775</u>

Amortization of customer relationships and client lists amounted to \$223 for the 126-day period ended May 1, 2011 (2010 — \$667; 2009 — \$667). The estimated aggregate amount of amortization expense for customer relationships and client lists is \$444 for the 238-day period ending December 25, 2011 and \$667 in each of the next five years thereafter.

8 Goodwill

	2011 \$	2010 \$
Balance — Beginning of period	20,066	19,921
Foreign currency translation	<u>305</u>	<u>145</u>
Balance — End of period	<u>20,371</u>	<u>20,066</u>

Dopaco

Notes to combined financial statements (Continued)

9 Accounts payable and accrued liabilities

	<u>Note</u>	<u>2011</u> <u>\$</u>	<u>2010</u> <u>\$</u>
Third parties		13,896	11,622
Wages and withholdings		1,395	1,042
Management bonus		1,625	2,435
Profit sharing		844	2,649
Worker's compensation		3,320	3,774
Vacation		2,770	2,652
Legal claims	13(b)	7,240	7,240
Other		<u>4,316</u>	<u>3,617</u>
		35,406	35,031
Related parties		<u>2,644</u>	<u>2,089</u>
		<u>38,050</u>	<u>37,120</u>

10 Other long-term liabilities

	<u>Note</u>	<u>2011</u> <u>\$</u>	<u>2010</u> <u>\$</u>
Employee future benefits	12(b)	15,317	13,466
Other		<u>238</u>	<u>222</u>
		15,555	13,688
Less: Current portion, included in accounts payable and accrued liabilities		<u>182</u>	<u>182</u>
		<u>15,373</u>	<u>13,506</u>

11 Income taxes

a) The components of Dopaco's earnings before income taxes by taxing jurisdiction are as follows:

	<u>2011</u> <u>\$</u>	<u>2010</u> <u>\$</u>	<u>2009</u> <u>\$</u>
United States	1,454	13,315	17,263
Canada	<u>4,020</u>	<u>12,885</u>	<u>10,081</u>
	<u>5,474</u>	<u>26,200</u>	<u>27,344</u>

Dopaco

Notes to combined financial statements (Continued)

11 Income taxes (continued)

b) The provision for (recovery of) income taxes by taxing jurisdiction is as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
	\$	\$	\$
Current			
United States	6,328	6,144	3,134
Canada	<u>358</u>	<u>558</u>	<u>—</u>
	<u>6,686</u>	<u>6,702</u>	<u>3,134</u>
Deferred			
United States	(6,701)	(4,766)	2,753
Canada	<u>531</u>	<u>(1,277)</u>	<u>(2,229)</u>
	<u>(6,170)</u>	<u>(6,043)</u>	<u>524</u>
	<u>516</u>	<u>659</u>	<u>3,658</u>

c) The provision for income taxes based on the effective income tax rate differs from the provision for income taxes based on the combined basic rate for the following reasons:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
	\$	\$	\$
Provision for income taxes based on statutory federal and state income tax rate in the United States	2,015	9,618	10,038
Reconciling items			
Difference in statutory income tax rate of foreign operations	(407)	(1,209)	(1,017)
Non-taxable dividend from the Owner*	—	(4,166)	(4,922)
Investment tax credit	(200)	(2,727)	—
Other permanent differences	(511)	(765)	(114)
Change in valuation allowance	(179)	—	—
Other	<u>(202)</u>	<u>(92)</u>	<u>(327)</u>
Provision for income taxes	<u>516</u>	<u>659</u>	<u>3,658</u>

* Dopaco Canada Inc. entered into a tax structure with its Owner whereby Dopaco Canada Inc. incurred tax deductible interest expense on a note due from the Owner and received non-taxable dividends on preferred shares issued by the Owner. Both the note payable to the Owner and the investment in preferred shares are included in Owner's net investment. Effective August 5, 2010, the tax structure was dismantled.

Dopaco

Notes to combined financial statements (Continued)

11 Income taxes (continued)

d) Deferred income taxes include the following items:

	<u>2011</u>	<u>2010</u>
	<u>\$</u>	<u>\$</u>
Deferred income tax assets		
Tax benefit arising from income tax losses	4,426	5,231
Provision	11,236	7,101
Other	<u>768</u>	<u>666</u>
	<u>16,430</u>	<u>12,998</u>
Deferred income tax liabilities		
Property, plant and equipment	36,861	39,624
Customer relationships and client lists	6,578	6,635
Other	<u>111</u>	<u>276</u>
	<u>43,550</u>	<u>46,535</u>
Deferred income taxes		
Deferred income tax asset — Short-term	5,354	5,740
Deferred income tax asset — Long-term	11,076	7,258
Deferred income tax liability — Long-term	<u>43,550</u>	<u>46,535</u>
	<u>27,120</u>	<u>33,537</u>

e) As of May 1, 2011, Dopaco has accumulated losses in Canada for income tax purposes amounting to \$16,752, which may be carried forward to reduce income taxes in future years. The tax benefit arising from these losses amounted to \$4,426 and has been recognized as a deferred income tax asset. Income tax losses as of May 1, 2011 are detailed as follows:

	<u>\$</u>
Years ending December 2028	735
2029	2,551
2030	<u>1,140</u>
	<u>4,426</u>

Dopaco

Notes to combined financial statements (Continued)

12 Employee future benefits

a) Total expense recognized in the Group's combined statement of earnings:

	Pension plan \$	Other benefits \$	Total \$
126-day period ended May 1, 2011			
Current service cost	526	—	526
Interest cost	438	9	447
Expected return on plan assets	(369)	—	(369)
Recognized prior service cost	89	—	89
Recognized actuarial loss	78	—	78
Recognized net transitional obligation	2	—	2
Curtailment*	2,680	—	2,680
Establishment of a post-retirement health benefits plan*	—	663	663
Net periodic benefit cost	<u><u>3,444</u></u>	<u><u>672</u></u>	<u><u>4,116</u></u>
Year ended December 26, 2010			
Current service cost	2,116	—	2,116
Interest cost	1,359	—	1,359
Expected return on plan assets	(909)	—	(909)
Recognized prior service cost	560	—	560
Recognized actuarial loss	88	—	88
Recognized net transitional obligation	5	—	5
Net periodic benefit cost	<u><u>3,219</u></u>	<u><u>—</u></u>	<u><u>3,219</u></u>
Year ended December 27, 2009			
Current service cost	2,964	—	2,964
Interest cost	1,251	—	1,251
Expected return on plan assets	(713)	—	(713)
Recognized prior service cost	561	—	561
Recognized actuarial loss	483	—	483
Recognized net transitional obligation	5	—	5
Settlement**	721	—	721
Net periodic benefit cost	<u><u>5,272</u></u>	<u><u>—</u></u>	<u><u>5,272</u></u>

* On February 1, 2011, Dopaco amended the Supplemental Executive Retirement Plan ("SERP") of one of its executives. The additional liability recognized at the date of the execution of the amendment was \$2,384. The amendment fixes the benefit payable under the SERP to a lump sum of approximately \$8,050 on the executive's date of separation from service. This amount is part of the accrued benefit obligation presented in note 12 b). A curtailment charge of \$2,680 was recognized following the amendment, from which an amount of \$296 was reclassified from accumulated other comprehensive income. In addition to the amendment described above, on February 1, 2011, Dopaco 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.

** In 2009, Dopaco paid an amount of \$4,000 to one of its executives as a partial settlement of its unfunded defined benefit pension plan. A net loss of \$721 was recognized following this payment.

Dopaco

Notes to combined financial statements (Continued)

12 Employee future benefits (continued)

Total cash payments for employee future benefits for 2011, consisting of cash contributed by Dopaco to its defined benefit pension plans and other benefit plan, amounted to \$695 (2010 — \$1,504; 2009 — \$5,779). Estimated cash payments for the defined benefit pension plans and other benefit plan total \$1,527 for the 238-day period ending December 25, 2011.

Dopaco

Notes to combined financial statements (Continued)

12 Employee future benefits (continued)

b) The funded status of the defined benefit pension plans and other benefit plan as of May 1, 2011 and December 26, 2010 are as follows:

	<u>Note</u>	<u>Pension plan \$</u>	<u>Other benefits \$</u>	<u>Total \$</u>
126-day period ended May 1, 2011				
Accrued benefit obligation				
Beginning of period		29,180	—	29,180
Current service cost		526	—	526
Interest cost		438	9	447
Actuarial losses		(623)	—	(623)
Benefits paid		(178)	—	(178)
Establishment of a post-retirement health benefits plan		—	663	663
Settlement	12(a)	2,384	—	2,384
Other		<u>60</u>	<u>—</u>	<u>60</u>
End of period		<u>31,787</u>	<u>672</u>	<u>32,459</u>
Plan assets				
Beginning of period		15,714	—	15,714
Actual return on plan assets		977	—	977
Employer's contributions		695	—	695
Benefits paid		(179)	—	(179)
Other		<u>66</u>	<u>—</u>	<u>66</u>
End of period		<u>17,273</u>	<u>—</u>	<u>17,273</u>
Year ended December 26, 2010				
Accrued benefit obligation				
Beginning of year		25,292	—	25,292
Current service cost		2,116	—	2,116
Interest cost		1,359	—	1,359
Actuarial gains		904	—	904
Benefits paid		(608)	—	(608)
Prior service cost		80	—	80
Other		<u>37</u>	<u>—</u>	<u>37</u>
End of year		<u>29,180</u>	<u>—</u>	<u>29,180</u>
Plan assets				
Beginning of year		13,051	—	13,051
Actual return on plan assets		1,732	—	1,732
Employer's contributions		1,504	—	1,504
Benefits paid		(608)	—	(608)
Other		<u>35</u>	<u>—</u>	<u>35</u>
End of year		<u>15,714</u>	<u>—</u>	<u>15,714</u>

Dopaco

Notes to combined financial statements (Continued)

12 Employee future benefits (continued)

	<u>2011</u>	<u>2010</u>
	\$	\$
Reconciliation of amounts recognized in combined balance sheets		
Fair value of plan assets	17,273	15,714
Accrued benefit obligation	<u>32,459</u>	<u>29,180</u>
Funded status of plan — Deficit	<u>(15,186)</u>	<u>(13,466)</u>
Pension plan asset	<u>131</u>	<u>—</u>
Pension plan liability — Current	(182)	(182)
Pension plan liability — Long-term	(14,463)	(13,284)
Other benefits liability — Long-term	<u>(672)</u>	<u>—</u>
	<u>(15,317)</u>	<u>(13,466)</u>
Net amount recognized	<u>(15,186)</u>	<u>(13,466)</u>

c) The following amounts relate to plans that are not fully funded as of May 1, 2011 and December 26, 2010:

	<u>Pension plan</u>	<u>Other benefits</u>	<u>Total</u>
	\$	\$	\$
126-day period ended May 1, 2011			
Fair value of plan assets	16,175	—	16,175
Accrued benefit obligation	<u>30,820</u>	<u>672</u>	<u>31,492</u>
Funded deficit	<u>(14,645)</u>	<u>(672)</u>	<u>(15,317)</u>
Year ended December 26, 2010			
Fair value of plan assets	15,714	—	15,714
Accrued benefit obligation	<u>29,180</u>	<u>—</u>	<u>29,180</u>
Funded deficit	<u>(13,466)</u>	<u>—</u>	<u>(13,466)</u>

Dopaco

Notes to combined financial statements (Continued)

12 Employee future benefits (continued)

d) The following table presents the amounts not yet recognized in net periodic benefit cost and included in accumulated other comprehensive income:

	Pension plan* <u>\$</u>
126-day period ended May 1, 2011	
Transition obligation	(26)
Prior service cost	(1,536)
Accumulated loss	(4,151)
Income taxes	<u>2,159</u>
Accumulated other comprehensive loss	<u>(3,554)</u>
Year ended December 26, 2010	
Transition obligation	(28)
Prior service cost	(2,731)
Accumulated loss	(4,678)
Income taxes	<u>2,835</u>
Accumulated other comprehensive loss	<u>(4,602)</u>

* Consists solely of amounts relating to the pension plan as no amounts are recognized in accumulated other comprehensive income for other benefits

Dopaco

Notes to combined financial statements (Continued)

12 Employee future benefits (continued)

e) The following table presents the amounts included in other comprehensive income:

	<u>Pension plan* \$</u>
126-day period ended May 1, 2011	
Prior service cost	—
Recognized prior service cost	89
Net gain	1,259
Recognized net actuarial loss	78
Recognized net transition obligation	2
Recognized prior service cost in curtailment charge	1,106
Recognized net actuarial loss in curtailment charge	(810)
Income taxes	<u>(676)</u>
Net amount recognized in other comprehensive income	<u>1,048</u>
Year ended December 26, 2010	
Prior service cost	(88)
Recognized prior service cost	560
Net loss	(89)
Recognized net actuarial loss	88
Recognized net transition obligation	5
Income taxes	<u>(218)</u>
Net amount recognized in other comprehensive income	<u>258</u>
Year ended December 27, 2009	
Prior service cost	(20)
Recognized prior service cost	561
Net gain	3,183
Recognized net actuarial loss	1,204
Recognized net transition obligation	5
Income taxes	<u>(1,942)</u>
Net amount recognized in other comprehensive income	<u>2,991</u>

* Consists solely of amounts relating to the pension plan as no amounts are recognized in accumulated other comprehensive income for other benefits

The estimated amounts for pension plans which will be amortized from accumulated other comprehensive income into net periodic benefit cost for the 238-day period ending December 25, 2011:

	<u>\$</u>
Transition obligation	3
Prior service cost	(117)
Accumulated loss	<u>(167)</u>
	<u>(281)</u>

Dopaco

Notes to combined financial statements (Continued)

12 Employee future benefits (continued)

f) The main actuarial assumptions adopted in measuring the accrued benefit obligation of the pension plans and other benefit plan and expenses are as follows:

	<u>2011</u> %	<u>2010</u> %	<u>2009</u> %
Accrued benefit obligation as of May 1, 2011, December 26, 2010 and December 27, 2009			
Pension plan discount rate	5.59	5.00	5.50
Other benefits discount rate	5.50		
Benefit costs for the periods			
Pension expense discount rate	5.90	4.67	4.51
Other benefits expense discount rate	5.50		
Expected long-term return on assets	7.00	7.00	7.00
Rate increase in health care costs	10.00	n/a	n/a
Cost trend rates decline to	5.50	n/a	n/a
Year the rate should stabilize	2016	n/a	n/a

Discount rate for Canadian plans in 2011 is 6.10% based on a model using a spot rate yield curve developed from bond yield data for AA corporate bonds provided with an adjustment to disregard yields provided for 25-year and 30-year maturities.

Discount rate for US pension and other benefit plans in 2011 is 5.50% and has been based on applying the projected benefit streams for the Dopaco plans to the Citigroup Pension Liability Index.

Dopaco used 7.00% in 2011 as the expected return on pension plan assets, which reflects the current view of long-term investment returns. This rate was determined based on historical returns.

g) Assumed rate increases in health care costs have a significant effect on the amounts reported for the health care plans. A 1% change in assumed health care cost trend rates would have the following effects for 2011:

	<u>Increase of</u> 1%	<u>Decrease of</u> 1%
Current service costs and interest cost	2	(2)
Accrued benefit obligation — End of year	149	(122)

h) The pension plan assets allocation and investment target allocation as of May 1, 2011 and December 26, 2010 are detailed as follows:

	<u>2011</u> %	<u>2010</u> %
Pension plan assets allocation		
Debt securities	40	37
Equity securities	<u>60</u>	<u>63</u>
	<u><u>100</u></u>	<u><u>100</u></u>

Dopaco

Notes to combined financial statements (Continued)

12 Employee future benefits (continued)

The pension plan assets do not include shares or debt securities of the Owner. There are no annual benefit annuities pledged by insurance contracts established by Dopaco or the Owner.

	2011	2010
	%	%
Investment target allocation		
Debt securities	35	35
Equity securities	65	65
	100	100

Target allocation is established so as to maximize return while considering an acceptable level of risk in order to meet the plan obligations on a long-term basis.

Investment objectives for the pension plan assets are the following: optimizing return while considering an acceptable level of risk, maintaining an adequate diversification, controlling the risk according to different asset categories, and maintaining a long-term objective of return on investments.

Investment guidance is established for each investment manager. It includes parameters that must be followed by managers and presents criteria for diversification, non-eligible assets and minimum quality of investments as well as for return objectives. Unless indicated otherwise, the managers cannot use any derivative product or invest more than 10% of their assets in one particular security.

i) Fair value measurement

Level 1 — Inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that Dopaco has the ability to access.

Level 2 — Inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 — Inputs are unobservable inputs for the asset or liability which one typically based on an entity's own assumptions, as there is little, if any, related market activity.

As of May 1, 2011 and December 26, 2010, the pension investments measured at fair value were as follows:

	2011			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Short-term securities	119	—	—	119
Fixed income	6,324	—	—	6,324
Equities	9,733	1,097	—	10,830
	16,176	1,097	—	17,273

Dopaco

Notes to combined financial statements (Continued)

12 Employee future benefits (continued)

	2010			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
Assets				
Short-term securities	60	—	—	60
Fixed income	5,392	—	—	5,392
Equities	9,314	948	—	10,262
	14,766	948	—	15,714

j) Estimated future benefit payments

Future benefit payments for defined benefit pension plans and other benefit plan, taking into consideration future participation, are estimated as follows:

	Funded pension plans \$	Unfunded pension plans \$	Other benefit plan \$
238-day period ending December 25, 2011	320	121	—
Years ending December 2012	540	182	3
2013	603	182	7
2014	663	182	16
2015	736	182	20
2016 — 2020	4,767	908	220

k) Defined contribution plans

Dopaco has a 401(k) savings and profit-sharing plan and group registered retirement savings plans covering substantially all non-union employees. Contributions to the 401(k) and group registered retirement savings plans are based on Dopaco matching, at a specified percentage, employee contributions which approximated \$314, \$902 and \$856 for the 126-day period ended May 1, 2011 and for the years ended December 26, 2010 and December 27, 2009, respectively. The profit-sharing portion of the plan is determined at the discretion of Dopaco's Board of Directors and amounted to \$831 as of May 1, 2011 (December 26, 2010 — \$2,639; December 27, 2009 — \$2,381).

13 Commitments and contingencies

a) Future minimum payments under non-cancellable operating leases are as follows:

	Buildings \$	Equipment \$
238-day period ending December 25, 2011	4,219	766
Years ending December 2012	7,260	186
2013	5,848	118
2014	5,843	105
2015	5,344	24
2016	2,871	5
Thereafter	6,006	—

Dopaco

Notes to combined financial statements (Continued)

13 Commitments and contingencies (continued)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Rental expense on operating leases, including rent of buildings	<u>2,744</u>	<u>8,526</u>	<u>8,410</u>

b) At the end of 2010, Dopaco defended a claim in a California state court alleging violations of that state's on-duty meal-break laws. Dopaco recognized \$7,240 in settlement costs in 2010, 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 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.

Dopaco ceased to be liable for this claim on May 2, 2011 as this liability remains with the Owner.

c) In 2006, Dopaco was notified by the Newark Group, the owner of a site a portion of which was leased by Dopaco between 1981 and 1988 in Stockton, California, that the site was contaminated with toluene, a solvent and constituent of printing ink. The Newark Group filed a Resource Conservation and Recovery Act lawsuit against Dopaco in the United States District Court, Eastern District of California, in November 2008 seeking to order Dopaco to remediate the property and assume all future liability for the contamination. In 2010, the Court ruled on two matters, one denying the Newark Group's Motion for a Partial Summary Judgment against Dopaco and second, allowing for the expansion of the Newark Group's claim against Dopaco to include methane contamination. Dopaco has multiple defenses and intends to vigorously contest the claim. Therefore, no provision has been established on Dopaco's books as of May 1, 2011, and management believes that the outcome will not have a material adverse effect on Dopaco's financial position, results of operations or cash flows.

Dopaco ceased to be liable for this claim on May 2, 2011 as this liability remains with the Owner.

d) In the normal course of operations, Dopaco is party to various legal actions and contingencies, mostly related to product liability claims. While the final outcomes with respect to legal actions outstanding as of May 1, 2011 cannot be predicted with certainty, it is management's opinion that the outcomes will not have a material adverse effect on Dopaco's financial position, results of operations or cash flows.

14 Financial instruments

Financial risk management

Dopaco's financial instruments are exposed to certain financial risks, including credit risk, foreign currency risk, price risk, interest rate risk and liquidity risk.

Credit risk

Dopaco is exposed to credit risk on receivables from its customers. In order to reduce this risk, management reviews new customers' credit histories before granting credit and conducts regular reviews of existing customers' credit performance.

Dopaco

Notes to combined financial statements (Continued)

14 Financial instruments (continued)

For the 126-day period ended May 1, 2011 and for the years ended December 26, 2010 and December 27, 2009, Dopaco had three customers which individually exceeded 10% of the combined sales. The sales for those customers were approximately as follows:

	<u>2011</u> \$	<u>2010</u> \$	<u>2009</u> \$
Customer A	35,200	110,000	92,200
Customer B	24,400	72,000	77,000
Customer C	<u>22,200</u>	<u>68,300</u>	<u>62,400</u>
	<u>81,800</u>	<u>250,300</u>	<u>231,600</u>

A significant portion of Dopaco's sales is to distributors for the 10 largest quick service restaurant chains. As of May 1, 2011 and December 26, 2010, accounts receivable from the three largest distributors accounted for 53% and 56% of total net trade accounts receivable.

Foreign currency risk

Dopaco's manufacturing operations are located in the United States and Canada but approximately 23% (2010 — 22%; 2009 — 21%) of its sales are made to customers in Canadian dollars. As a result, it is exposed to fluctuations in the foreign exchange rate in Canada and its earnings are affected by increases or decreases in the value of the Canadian dollar relative to the US dollar.

Price risk

Dopaco is exposed to commodity price risk relating to purchases of raw materials. As a result, prices may increase too high for Dopaco to make an operating profit.

Interest rate risk

Dopaco is exposed to interest rate risk arising from fluctuations in interest rates on its cash.

Liquidity risk and capital risk management

Liquidity risk is the risk that Dopaco will not be able to meet its financial obligations as they become due. Dopaco manages its liquidity risk by monitoring its forecasted cash flows, as well as expected investing and financing activities. All of Dopaco's financial liabilities are due within 90 days. Dopaco does not have long-term financial liabilities.

Dopaco has historically operated as a wholly owned unit of the Owner. As such it does not have any shareholder's equity but rather maintains a branch account with its parent. The Owner funds all aspects of Dopaco's capital expenditures. All activities pertaining to cash fundings and borrowings are centralized within the Owner's treasury department. Direct external funding at the entity level is generally not permitted, and exceptions must be approved by the Owner. Capital and liquidity requirements within Dopaco are funded by the Owner in the form of cash transfers, cash pooling agreements and/or loans. Capital structures of entities within Dopaco are determined in consideration of tax and corporate finance objectives in order to ensure an optimal cost-efficient financial structure for the Owner.

Dopaco

Notes to combined financial statements (Continued)

14 Financial instruments (continued)

The following are the contractual maturities of financial liabilities:

	As of May 1, 2011					
	Carrying amount \$	Contractual cash flows \$	Less than one year \$	Between one and two years \$	Between two and five years \$	More than five years \$
Accounts payable and accrued liabilities	38,050	38,050	38,050	—	—	—
Income taxes payable	<u>978</u>	<u>978</u>	<u>978</u>	—	—	—
	<u>39,028</u>	<u>39,028</u>	<u>39,028</u>	<u>—</u>	<u>—</u>	<u>—</u>
	As of December 26, 2010					
	Carrying amount \$	Contractual cash flows \$	Less than one year \$	Between one and two years \$	Between two and five years \$	More than five years \$
Accounts payable and accrued liabilities	37,120	37,120	37,120	—	—	—
Income taxes payable	<u>559</u>	<u>559</u>	<u>559</u>	—	—	—
	<u>37,679</u>	<u>37,679</u>	<u>37,679</u>	<u>—</u>	<u>—</u>	<u>—</u>

15 Accumulated other comprehensive income

	Note	2011 \$	2010 \$
Foreign currency translation adjustment		16,626	10,070
Actuarial losses on employee future benefits, net of taxes	12(d)	<u>(3,554)</u>	<u>(4,602)</u>
		<u>13,072</u>	<u>5,468</u>

16 Related party transactions

All of Dopaco's related party transactions with subsidiaries, divisions and entities of the Owner (herein individually and collectively referred to as the Owner) were agreed to by Dopaco and the Owner.

The following table describes the nature and amounts of related party transactions with the Owner and its joint venture included in Dopaco's combined financial statements. These transactions were concluded in the normal course of business.

	2011 \$	2010 \$	2009 \$
Transactions with the Owner			
Purchases	14,153	41,225	44,740
Allocation of corporate expenses	140	599	627
Transactions with joint venture			
Sales	49	42	353
Purchases	—	—	429
Balances with the Owner			
Accounts payable and accrued liabilities	2,644	2,089	2,297

Dopaco

Notes to combined financial statements (Continued)

17 Investment in significantly influenced company

The following summarizes financial information about Dopaco's share of assets, liabilities, sales and net earnings of its joint venture accounted for under the equity method:

	<u>2011</u> \$	<u>2010</u> \$	<u>2009</u> \$
Current assets	1,413	1,341	
Long-term assets	1,399	1,496	
Current liabilities	455	360	
Long-term liabilities	180	262	
Sales	2,150	4,923	5,517
Cost of sales	1,508	3,159	3,910
Net earnings	121	571	207

18 Information by operating segment

Dopaco operates in one operating segment.

	<u>2011</u> \$	<u>2010</u> \$	<u>2009</u> \$
Sales			
Canada	34,014	102,642	103,292
United States	<u>118,496</u>	<u>353,569</u>	<u>346,059</u>
	<u>152,510</u>	<u>456,211</u>	<u>449,351</u>
Long-lived assets			
Canada	15,190	15,087	
United States	<u>152,762</u>	<u>158,538</u>	
	<u>167,952</u>	<u>173,625</u>	
Goodwill			
Canada	4,540	4,235	
United States	<u>15,831</u>	<u>15,831</u>	
	<u>20,371</u>	<u>20,066</u>	

19 Subsequent event

Dopaco evaluates subsequent events through the date that its combined financial statements are issued, which is July 8, 2011.

On May 18, 2011, Dopaco sold its interest in Union Packaging LLC, a significantly influenced company accounted for using the equity method in Dopaco's combined financial statements, for a cash consideration of \$2,528, which generated a gain of approximately \$351.

20 Comparative figures

Certain comparative figures have been reclassified to conform to the carve-out combined financial statement presentation adopted in the current period. As a result, an amount of \$4,772 was reclassified from Owner's net investment to Deferred income tax liabilities and an amount of \$5,740 was reclassified from long-term Deferred income tax asset to short-term Deferred income tax asset.