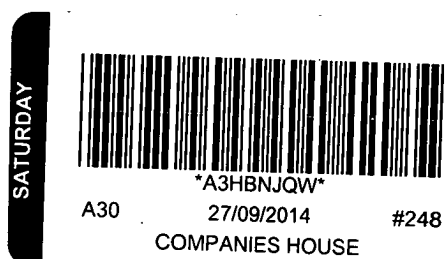


**INTERNATIONAL PAPER FOODSERVICE
(EUROPE) LIMITED**

Annual Report and Financial Statements

For the year ended 31 December 2013



INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

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INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M.E. Turner
M. Hermansen
T.L. Pearson

SECRETARY

A.Vallance (appointed 5 May 2014)
M. Clark (resigned 5 May 2014)

REGISTERED OFFICE

Units 10 & 11 Navigation Park
Road One
Winsford Industrial Estate
Winsford
Cheshire
CW7 3RL

BANKERS

ABN Amro Bank NV

J.P. Morgan Chase & Co

SOLICITORS

Pannone LLP

Shoosmiths

AUDITOR

Deloitte LLP
Chartered Accountants & Statutory Auditor
Manchester
United Kingdom

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

STRATEGIC REPORT

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the company continues to be that of the manufacture and sale of disposable paper products for the food industry.

The performance of the Company during 2013 has been impacted by tougher trading conditions than expected in comparison to the prior period

We continuously seek to improve our operating performance with an emphasis on health and safety, asset performance and operating costs.

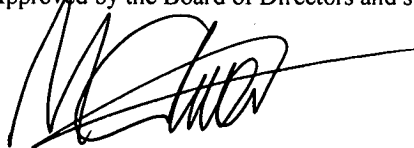
During 2014 the Company has invested heavily in the installation of a new printing press, additional capacity and some automation of the existing plant. This will enable the Company to grow profitability by focusing primarily on its core markets.. All industry data indicates demand for foodservice packaging throughout Europe will heavily increase over the next three years. The Company intends to focus on maximising their share of this sector growth.

PRINCIPLE RISK MANAGEMENT & UNCERTAINTIES

The process of risk management is addressed through a framework of policies, procedures and internal controls. Compliance with regulation, legal and ethical standards is a high priority for the Company and management take on an important oversight role in this regard.

The principal risks which affect the Company are those associated with the sourcing of raw materials and finished products for re-sale from overseas. This exposes the business to volatility of raw materials and finished goods prices, as well as movements in exchange rates. We anticipate this will be an ongoing challenge for the business which we will mitigate through continued focus on manufacturing as well as close monitoring by management of foreign exchange risk.

Approved by the Board of Directors and signed on behalf of the Board,



M.E. Turner

Director

26 September 2014

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2013.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company is the manufacture and sale of disposable paper products for the food industry.

The directors are satisfied with the results for the year and the prospects for the coming year.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 31 December 2013 are set out on pages 6 to 14. The loss on ordinary activities after taxation of £186,884 (2012 - £374,460 profit) has been transferred from reserves (2012 - to reserves).

The directors do not recommend payment of a dividend (2012 - £nil).

GOING CONCERN

After making enquiries and based on the assumptions outlined in note 1 to the financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DIRECTORS

The directors of the company, who served during the year and thereafter unless noted, are shown on page 1.

AUDITOR

Each of the persons who is a director of the company at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



M. E. Turner

Director

24 SEPTEMBER 2014

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

We have audited the financial statements of International Paper Foodservice (Europe) Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

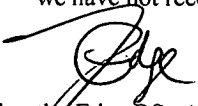
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or


Timothy Edge BSc ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

25/9/2014

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2013

	Note	2013 £	2012 £
TURNOVER	2	6,063,306	6,950,736
Cost of sales		(5,341,533)	(5,979,062)
GROSS PROFIT		721,773	971,674
Other operating expenses		(961,200)	(810,722)
OPERATING (LOSS)/PROFIT	3	(239,427)	160,952
Interest receivable and similar income	5	44,469	56,478
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(194,958)	217,430
Tax credit on profit on ordinary activities	6	8,074	157,030
(LOSS)/PROFIT RETAINED FOR THE FINANCIAL YEAR	13,14	(186,884)	374,460

All activity has arisen from continuing operations. The company has no recognised gains or losses in either year other than the profit for that year as shown above. Accordingly a separate statement of total recognised gains and losses has not been presented.

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

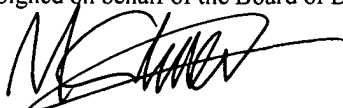
BALANCE SHEET

As at 31 December 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Tangible fixed assets	7	2,372,784	894,450
CURRENT ASSETS			
Stocks	8	1,321,972	1,048,284
Debtors	9	4,025,530	4,527,987
Cash at bank and in hand		-	133,279
		5,347,502	5,709,550
CREDITORS: amounts falling due within one year	10	(2,240,522)	(937,352)
NET CURRENT ASSETS		3,106,980	4,772,198
TOTAL ASSETS LESS CURRENT LIABILITIES BEING NET ASSETS		5,479,764	5,666,648
CAPITAL AND RESERVES			
Called-up share capital	12	852,550	852,550
Profit and loss account	13	4,627,214	4,814,098
SHAREHOLDER'S FUNDS	14	5,479,764	5,666,648

The financial statements of International Paper Foodservice (Europe) Limited, registered number 497043, were approved by the Board of Directors and authorised for issue on **24 SEPTEMBER**

Signed on behalf of the Board of Directors



M. E. Turner

Director

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the current and preceding year, is set out below.

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention and in accordance with applicable law and United Kingdom accounting standards.

GOING CONCERN

The directors believe the company is well placed and has considerable cash resource to manage its business risks successfully despite the current uncertain economic outlook. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors have therefore assessed the ability of the group companies to continue with the group banking arrangements. After making enquiries and after having reviewed the company's forecasts and projections, taking into account reasonably possible changes in trading performance, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, in equal annual instalments, over the estimated useful life of the assets. Specific depreciation rates are as follows:

Plant and machinery - 5-12 years straight line

Fixtures and fittings - 3-10 years straight line

Assets in the course of construction are not depreciated.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition is based on:

- | | | |
|------------------|---|---|
| Raw materials | - | Purchase cost on a FIFO basis including transport. |
| Work-in-progress | - | Cost of direct materials and labour, plus a reasonable proportion of manufacturing overheads based on normal levels of activity. |
| Finished goods | - | Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate. |

TAXATION

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Where tax losses are utilised when surrendered from fellow group undertakings no payment is made to that company.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded, as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2013

1. ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCY

Transactions of the company in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities of the company at the year end denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Differences arising from movements in rates of exchange are taken to the profit and loss account.

TURNOVER

Turnover comprises the value of sales (excluding VAT and similar taxes and trade discounts) of goods and services provided in the normal course of business. Revenue is recognised when, in the opinion of the directors, the company has fulfilled its obligations under the terms of sale and title of the goods has been transferred to the buyer.

OPERATING LEASES

Rentals under operating leases are charged on a straight-line basis over the lease term.

CASH FLOW STATEMENT

As permitted by Financial Reporting Standard No. 1 (Revised 1996), the company has not produced a cash flow statement because its ultimate parent company, International Paper Company Limited has prepared consolidated financial statements which include the financial statements of the company for the year.

PENSION COSTS

Amounts paid by the company into a defined contribution pension scheme are charged to the profit and loss account in the period in which the contributions fall due for payment.

2. TURNOVER

	2013 £	2012 £
Geographical analysis of turnover by destination:		
United Kingdom	2,442,970	3,465,539
Rest of Europe	3,052,778	3,485,197
Rest of World	567,558	-
	<u>6,063,306</u>	<u>6,950,736</u>

All turnover originated in the UK.

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/ (crediting):

	2013 £	2012 £
Depreciation and other amounts written off		
- tangible fixed assets	123,824	160,234
Operating lease rentals		
- property	235,659	235,585
- equipment	20,781	21,206
Foreign exchange (profit)/loss	(9,839)	44,443
Auditor's remuneration		
- audit of the company's annual financial statements	15,000	12,500

There were no non-audit fees payable to the auditor (2012 - nil).

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

4. STAFF COSTS

The average monthly number of employees (including executive directors) was:

	2013 Number	2012 Number
Production	15	14
Administration	8	7
	<u>23</u>	<u>21</u>

Their aggregate remuneration comprised:

	2013 £	2012 £
Wages and salaries	719,388	667,736
Social security costs	52,229	36,696
Employers pension contributions and other staff costs	51,025	40,187
	<u>822,642</u>	<u>744,619</u>

	2013 £	2012 £
Directors' remuneration	<u>92,878</u>	<u>97,076</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £	2012 £
Intercompany interest	<u>44,469</u>	<u>56,478</u>

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax credit comprises:

	2013 £	2012 £
Current tax charge for the year	-	93,119
Group relief received for nil consideration	-	(93,119)
Adjustment in respect of prior years	28	(62,021)
Total current tax charge/(credit) for the year	28	(62,021)
Deferred tax		
Origination and reversal of timing differences	(15,145)	(39,257)
Adjustment in respect of prior years	-	(65,361)
Rate change	7,043	9,609
Total deferred tax credit	(8,102)	(95,009)
Total tax credit on profit on ordinary activities	(8,074)	(157,030)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2013 £	2012 £
(Loss)/Profit on ordinary activities before tax	(194,958)	217,430
Tax on group profit on ordinary activities at standard UK corporation tax rate of 23.25% (2012 – 24.5%)	(45,328)	53,270
Effects of:		
Permanent differences	559	592
Depreciation in excess of capital allowances	28,789	39,257
Group relief relieved/(received) for nil consideration	15,952	(93,119)
Adjustment in respect of prior years	28	(62,021)
Current tax charge/(credit) for the year	-	(62,021)

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

7. TANGIBLE FIXED ASSETS

	Assets in the course of construction £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 January 2013	100,678	1,873,932	31,319	2,005,929
Additions	1,497,660	98,058	6,440	1,602,158
AUC transfer to plant and machinery	(120,522)	120,522	-	-
At 31 December 2013	<u>1,477,816</u>	<u>2,092,512</u>	<u>37,759</u>	<u>3,608,087</u>
Depreciation				
At 1 January 2013	-	1,102,227	9,252	1,111,479
Charge for the year	-	111,995	11,829	123,824
At 31 December 2013	<u>-</u>	<u>1,214,222</u>	<u>21,081</u>	<u>1,235,303</u>
Net book value				
At 31 December 2013	<u>1,477,816</u>	<u>878,290</u>	<u>16,678</u>	<u>2,372,784</u>
At 31 December 2012	<u>100,678</u>	<u>771,705</u>	<u>22,067</u>	<u>894,450</u>

8. STOCKS

	2013 £	2012 £
Raw materials and consumables	774,046	548,341
Work-in-progress and finished goods	547,926	499,943
	<u>1,321,972</u>	<u>1,048,284</u>

The replacement cost of stock is not materially different to its balance sheet value.

9. DEBTORS

	2013 £	2012 £
Trade debtors	768,739	807,022
Amounts owed by group undertakings	2,807,726	3,496,601
Deferred tax asset (see note 11)	155,477	147,375
VAT recoverable	183,984	4,956
Corporation tax	68,021	28,003
Prepayments and accrued income	41,583	44,030
	<u>4,025,530</u>	<u>4,527,987</u>

Amounts owed by group undertakings includes £240,467 of cash held on behalf of the company which is repayable on demand, reflecting that it is part of a group cash pooling arrangement (2012 - £996,601). All amounts are due within one year.

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Trade creditors	115,555	193,929
Amounts owed to group undertakings	1,835,113	424,177
Other taxes and social security	22,901	31,980
Accruals and deferred income	266,953	287,266
	<u>2,240,522</u>	<u>937,352</u>

11. DEFERRED TAXATION ASSET

	Deferred taxation £
At 1 January 2013	147,375
Credit to profit and loss account	8,102
At 31 December 2013	<u>155,477</u>
Deferred taxation provided is as follows:	

	Provided 2013 £	Provided 2012 £
Depreciation in excess of capital allowances	<u>155,477</u>	<u>147,375</u>

There is no unprovided deferred taxation in either year.

12. CALLED-UP SHARE CAPITAL

	2013 £	2012 £
Allotted, called-up and fully-paid 852,550 ordinary shares at £1 each	<u>852,550</u>	<u>852,550</u>

13. PROFIT AND LOSS ACCOUNT

	£
At 1 January 2013	4,814,098
Retained loss for the year	<u>(186,884)</u>
At 31 December 2013	<u>4,627,214</u>

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2013

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2013 £	2012 £
(Loss)/profit for the financial year	(186,884)	374,460
Opening shareholder's funds	5,666,648	5,292,188
Closing shareholder's funds	<u>5,479,764</u>	<u>5,666,648</u>

15. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Lease commitments

The company has the following annual commitments in respect of operating leases:

	Plant and machinery		Land and buildings	
	2013 £	2012 £	2013 £	2012 £
Within one year	1,441	1,441	-	-
Between two and five years	9,999	11,440	235,585	-
After five years	-	-	-	235,585
	<u>11,440</u>	<u>12,881</u>	<u>235,585</u>	<u>235,585</u>

16. ULTIMATE CONTROLLING PARTY

The directors regard International Paper Company, a company incorporated in the state of New York, USA as the ultimate parent company and ultimate controlling party. The immediate parent company is International Paper Group (UK) Limited whose registered office is at Units 10&11 Navigation Park, Winsford Industrial Estate, Winsford, Cheshire, CW7 3RL.

The largest group of which International Paper Foodservice Europe Limited is a member and for which group financial statements are drawn up is that headed by International Paper Company, whose principal place of business is at 6400 Poplar Avenue, Memphis, Tennessee 38197, USA. The smallest such group is headed by International Paper Group (UK) Limited.

As a wholly owned subsidiary of International Paper Company the company has taken the exemption given in Financial Reporting Standard No. 8 "Related party disclosures" for wholly owned subsidiaries not to disclose related party transactions with other group companies.