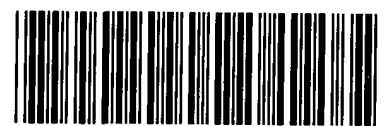


**INTERNATIONAL PAPER FOODSERVICE
EUROPE LIMITED**

Annual Report and Financial Statements

For the year ended 31 December 2014

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INTERNATIONAL PAPER FOODSERVICE EUROPE LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2014

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INTERNATIONAL PAPER FOODSERVICE EUROPE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

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

COMPANY 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 and Statutory Auditor
Manchester
United Kingdom

INTERNATIONAL PAPER FOODSERVICE EUROPE LIMITED

STRATEGIC REPORT

The directors present their strategic report on the affairs of the company, together with the directors' report, financial statements and auditor's report, for the year ended 31 December 2014. The directors in preparing this report, have complied with s414c of the Companies Act 2006.

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 results for the year are detailed on page 6. The performance of the Company during 2014 has been impacted by tougher trading conditions than expected in comparison to the prior years.

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

During 2015 the Company intends 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.

KEY PERFORMANCE INDICATORS


Turnover in the year was £6,544,694 (2013-£6,063,306), this represents an increase of 7.94%. The Company has invested £2,514,151 in plant and machinery in 2014 (2013-£1,602,158). The directors believe these measures to be the key performance indicators of International Paper Foodservice Europe Limited.

PRINCIPAL 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

29 September 2015

INTERNATIONAL PAPER FOODSERVICE EUROPE LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the audited financial statements and auditor's report, for the year ended 31 December 2014.

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 2014 are set out on pages 6 to 14. The loss on ordinary activities after taxation of £396,437 (2013 - £186,884 loss) has been transferred from reserves.

The directors do not recommend payment of a dividend (2013 - £nil).

GOING CONCERN

After making enquiries and based on the assumptions outlined in note 1 of 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

29 September 2015

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 2014 which comprise the Profit and Loss Account, 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 2014 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

29 September 2015

INTERNATIONAL PAPER FOODSERVICE EUROPE LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2014

	Note	2014 £	2013 £
TURNOVER	2	6,544,694	6,063,306
Cost of sales		(5,872,297)	(5,341,533)
GROSS PROFIT		672,397	721,773
Other operating expenses		(1,310,567)	(961,200)
OPERATING LOSS	3	(638,170)	(239,427)
Interest receivable and similar income	5	146,627	44,469
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(491,543)	(194,958)
Tax credit on loss on ordinary activities	6	95,106	8,074
LOSS RETAINED FOR THE FINANCIAL YEAR	13,14	(396,437)	(186,884)

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

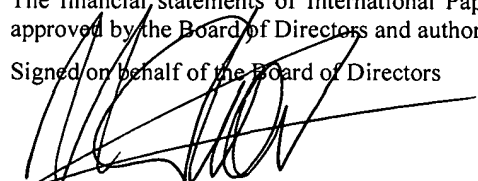
INTERNATIONAL PAPER FOODSERVICE EUROPE LIMITED

BALANCE SHEET As at 31 December 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Tangible fixed assets	7	<u>4,637,523</u>	<u>2,372,784</u>
CURRENT ASSETS			
Stocks	8	1,570,271	1,321,972
Debtors	9	<u>4,664,355</u>	<u>4,025,530</u>
		6,234,626	5,347,502
CREDITORS: amounts falling due within one year	10	<u>(5,788,822)</u>	<u>(2,240,522)</u>
NET CURRENT ASSETS		<u>445,804</u>	<u>3,106,980</u>
TOTAL ASSETS LESS CURRENT LIABILITIES BEING NET ASSETS		<u>5,083,327</u>	<u>5,479,764</u>
CAPITAL AND RESERVES			
Called-up share capital	12	852,550	852,550
Profit and loss account	13	<u>4,230,777</u>	<u>4,627,214</u>
SHAREHOLDER'S FUNDS	14	<u>5,083,327</u>	<u>5,479,764</u>

The financial statements of International Paper Foodservice Europe Limited, registered number 00497043, were approved by the Board of Directors and authorised for issue on **29 September 2015**

Signed on behalf of the Board of Directors


M. E. Turner

Director

INTERNATIONAL PAPER FOODSERVICE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

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. The depreciation charge is included in the cost of sales figure in the profit and loss account. 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) For the year ended 31 December 2014

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 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

	2014 £	2013 £
Geographical analysis of turnover by destination:		
United Kingdom	2,646,884	2,442,970
Rest of Europe	2,894,047	3,052,778
Rest of World	1,003,763	567,558
	<u>6,544,694</u>	<u>6,063,306</u>

All turnover originated in the UK.

3. OPERATING LOSS

Operating loss is stated after charging/ (crediting):

	2014 £	2013 £
Depreciation and other amounts written off		
- tangible fixed assets	249,412	123,824
Operating lease rentals		
- property	235,659	235,659
- equipment	36,019	20,781
Foreign exchange loss/(profit)	36,387	(9,839)
Auditor's remuneration		
- audit of the company's annual financial statements	<u>15,000</u>	<u>15,000</u>

There were no non-audit fees payable to the auditor (2013 - nil).

INTERNATIONAL PAPER FOODSERVICE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2014

4. STAFF COSTS

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

	2014 Number	2013 Number
Production	18	15
Administration	9	8
	<u>27</u>	<u>23</u>

Their aggregate remuneration comprised:

	2014 £	2013 £
Wages and salaries	977,358	719,388
Social security costs	59,364	52,229
Employer's pension contributions and other staff costs	54,511	51,025
	<u>1,091,233</u>	<u>822,642</u>

	2014 £	2013 £
Directors' remuneration	<u>101,076</u>	<u>92,878</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £	2013 £
Intercompany interest	<u>146,627</u>	<u>44,469</u>

INTERNATIONAL PAPER FOODSERVICE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2014

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax credit comprises:

	2014 £	2013 £
Current tax charge for the year	-	-
Adjustment in respect of prior years	-	28
Total current tax charge for the year	-	28
Deferred tax		
Origination and reversal of timing differences	(107,204)	(15,145)
Rate change	12,098	7,043
Total deferred tax credit	(95,106)	(8,102)
Total tax credit on loss on ordinary activities	(95,106)	(8,074)

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:

	2014 £	2013 £
Loss on ordinary activities before tax	(491,543)	(194,958)
Tax on group loss on ordinary activities at standard UK corporation tax rate of 21.5% (2013 – 23.25%)	(105,682)	(45,328)
Effects of:		
Permanent differences	22	559
Depreciation in excess of capital allowances	41,524	28,789
Group relief relieved for nil consideration	64,136	15,952
Adjustment in respect of prior years	-	28
Current tax charge for the year	-	-

INTERNATIONAL PAPER FOODSERVICE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2014

7. TANGIBLE FIXED ASSETS

	Assets in the course of construction £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
As at 1 January 2014	1,477,816	2,092,512	37,759	3,608,087
Additions	2,514,151	-	-	2,514,151
AUC transfer to plant and machinery	(3,527,842)	3,527,842	-	-
As at 31 December 2014	<u>464,125</u>	<u>5,620,354</u>	<u>37,759</u>	<u>6,122,238</u>
Depreciation				
As at 1 January 2014	-	1,214,222	21,081	1,235,303
Charge for the year	-	245,091	4,321	249,412
As at 31 December 2014	<u>-</u>	<u>1,459,313</u>	<u>25,402</u>	<u>1,484,715</u>
Net book value				
As at 31 December 2014	<u>464,125</u>	<u>4,161,041</u>	<u>12,357</u>	<u>4,637,523</u>
As at 31 December 2013	<u>1,477,816</u>	<u>878,290</u>	<u>16,678</u>	<u>2,372,784</u>

8. STOCKS

	2014 £	2013 £
Raw materials and consumables	752,719	774,046
Work-in-progress and finished goods	817,552	547,926
	<u>1,570,271</u>	<u>1,321,972</u>

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

9. DEBTORS

	2014 £	2013 £
Trade debtors	1,042,191	768,739
Amounts owed by group undertakings	2,778,664	2,807,726
Deferred tax asset (see note 11)	250,583	155,477
VAT recoverable	482,265	183,984
Corporation tax	68,021	68,021
Prepayments and accrued income	42,631	41,583
	<u>4,664,355</u>	<u>4,025,530</u>

Amounts owed by group undertakings includes £169,274 (2013-£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, all amounts are due within one year.

INTERNATIONAL PAPER FOODSERVICE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2014

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade creditors	205,174	115,555
Amounts owed to group undertakings	5,304,888	1,835,113
Other taxes and social security	28,914	22,901
Accruals and deferred income	249,846	266,953
	<u>5,788,822</u>	<u>2,240,522</u>

11. DEFERRED TAXATION ASSET

	Deferred taxation £
As at 1 January 2014	155,477
Credit to profit and loss account	95,106
As at 31 December 2014	<u>250,583</u>

Deferred taxation provided is as follows:

	Provided 2014 £	Provided 2013 £
Depreciation in excess of capital allowances	198,463	155,477
Tax losses	52,120	-
	<u>250,583</u>	<u>155,477</u>

There is no unprovided deferred taxation in either year.

12. CALLED-UP SHARE CAPITAL

	2014 £	2013 £
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

	£
As at 1 January 2014	4,627,214
Retained loss for the year	<u>(396,437)</u>
As at 31 December 2014	<u>4,230,777</u>

INTERNATIONAL PAPER FOODSERVICE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2014

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2014 £	2013 £
Loss for the financial year	(396,437)	(186,884)
Opening shareholder's funds	<u>5,479,764</u>	<u>5,666,648</u>
Closing shareholder's funds	<u>5,083,327</u>	<u>5,479,764</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	
	2014	2013	2014	2013
	£	£	£	£
Within one year	1,441	1,441	-	-
Between two and five years	<u>9,999</u>	<u>9,999</u>	<u>235,585</u>	<u>235,585</u>
	<u>11,440</u>	<u>11,440</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.