

**INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED
(FORMERLY INTERNATIONAL PAPER COMPANY LIMITED)
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000**

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Auditors' report	4
Balance sheet	5
Notes to the financial statements	6



Company number : 497043

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R.M. Amen
D.E. Hatton
H.G. Fahner

SECRETARY

K.S. Lennox

REGISTERED OFFICE

Unit 7A
Yeadon Airport Industrial Estate
Harrogate Road
Yeadon

BANKERS

Royal Bank of Scotland
9 Rubislaw Terrace
Aberdeen

SOLICITORS

Ledingham Chalmers
1 Golden Square
Aberdeen

AUDITORS

Arthur Andersen
Chartered Accountants and Registered Auditors
18 Charlotte Square
Edinburgh

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The trade, assets and liabilities of the company were transferred to International Paper (Leeds) Limited, a fellow subsidiary undertaking, as part of a group reorganisation on 1 January 1998.

The company did not trade in 2000.

On 30 November 2000, the company changed its name to International Paper Foodservice (Europe) Limited.

RESULTS AND DIVIDENDS

The company did not trade in 1999 or 2000.

The directors do not recommend the payment of a dividend (1999: £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are as shown below.

R.M. Amen (USA)
D.E. Hatton
H.G. Fahner

No director had any interest in the issued share capital of the company during the year.

Certain directors hold options to buy, or are registered holders of, shares in International Paper Company, the ultimate parent company, subject to the conditions of that company's share option scheme. The cost of this scheme is not borne by International Paper Foodservice (Europe) Limited.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those financial statements, the directors are required to:

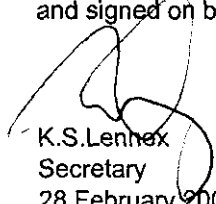
- ~ select suitable accounting policies and then apply them consistently;
- ~ make judgements and estimates that are reasonable and prudent;
- ~ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ~ 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 proper accounting records, which 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 1985. 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.

AUDITORS

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

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



K.S. Lennex
Secretary
28 February 2001

Yeadon Airport Industrial Estate
Harrogate Road
Yeadon
Leeds LS19 7WP

**AUDITORS' REPORT TO THE SHAREHOLDERS OF INTERNATIONAL PAPER FOODSERVICE
(EUROPE) LIMITED (FORMERLY INTERNATIONAL PAPER COMPANY LIMITED)**

We have audited the financial statements on pages 5 to 6 which have been prepared under the historical cost convention and accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

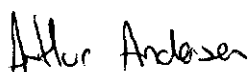
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 2000 and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors
18 Charlotte Square
Edinburgh
EH2 4DF
28 February 2001

INTERNATIONAL PAPER FOODSERVICE (EUROPE) LIMITED
(FORMERLY INTERNATIONAL PAPER COMPANY LIMITED)
BALANCE SHEET
AS AT 31 DECEMBER 2000

Page 5

	Note	2000 £	1999 £
CURRENT ASSETS			
Debtors	2	231,171	231,171
NET ASSETS		<u>231,171</u>	<u>231,171</u>
CAPITAL AND RESERVES			
Called up equity share capital	3	2,550	2,550
Profit and loss account	4	228,621	228,621
EQUITY SHAREHOLDERS' FUNDS		<u>231,171</u>	<u>231,171</u>

These financial statements were approved by the Board of Directors on 28 February 2001

Signed on behalf of the Board of Directors



D.E. Hatton

Director

28 February 2001

The accompanying notes are an integral part of this balance sheet.

PROFIT AND LOSS ACCOUNT

During the financial year and the preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently, during those years the company made neither a profit nor loss.

1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year are:

Accounting convention

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

Related party transactions

The company has taken advantage of the FRS 8 exemption from having to provide details of transactions with fellow group undertakings.

2. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Amounts owed by other group undertakings	<u>231,171</u>	<u>231,171</u>

3. CALLED-UP SHARE CAPITAL

	2000 £	1999 £
<i>Authorised</i>		
3,000 Ordinary shares of £1 each	<u>3,000</u>	<u>3,000</u>
<i>Allotted, called-up and fully-paid</i>		
2,550 Ordinary shares of £1 each	<u>2,550</u>	<u>2,550</u>

4. PROFIT AND LOSS ACCOUNT

	£
At 31 December 2000 and 1999	<u>228,621</u>

5. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

As at 31 December 2000 and 31 December 1999 there were no capital commitments.

6. ULTIMATE PARENT COMPANY

The ultimate parent company of International Paper Foodservice (Europe) Limited is International Paper Company, a company incorporated in New York, U.S.A.

The largest group of which International Paper Foodservice (Europe) Limited is a member and for which group accounts are drawn up is that headed by International Paper Company whose principal place of business is at 2 Manhattanville Road, Purchase, New York, 10577, USA. The smallest such group is that headed by International Paper Group (UK) Limited whose registered office is at Unit 7A, Yeadon Airport Industrial Estate, Harrogate Road, Yeadon.