

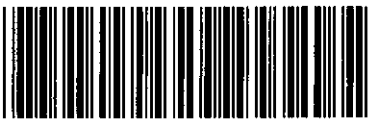
Company Registration No. 1038677

Graham Packaging Plastics Limited

Report and Financial Statements

31 December 2005

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Graham Packaging Plastics Limited

Report and financial statements 2005

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Graham Packaging Plastics Limited

Report and financial statements 2005

Officers and professional advisers

Directors

J W Hereford

G R Lu

A Sudan

R M Prevot

J E Hamilton

Secretary

J E Hamilton

Registered Office

Irton House

The Tower Estate

Warpsgrove Lane

Chalgrove

Oxfordshire

OX44 7TH

Bankers

Barclays Bank PLC

28 George Street

Luton

LU1 2AE

Auditors

Deloitte & Touche LLP

Chartered Accountants

Birmingham

Graham Packaging Plastics Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005

Activities

The principal activity of the company during the year continued to be the manufacture of plastic containers, mainly in PET resin but also in polypropylene. These products were supplied to a variety of manufacturers in different sectors for filling with their products (food, drinks, cosmetics, pharmaceuticals, automotive etc).

Turnover in 2005 was £9,583,000 from £13,046,000 in 2004.

The operating profit was £372,000 in 2005 from a loss of £1,381,000 in 2004

It is the intention of the directors to continue manufacturing & trading as a going concern for the foreseeable future.

The parent company of Graham Packaging Plastics limited is Graham Packaging Company, L.P., based in York, Pennsylvania USA which is a worldwide leader in the design, manufacture and sale of technology-based, customized blow-molded plastic containers for the branded food and beverage, household, personal care/specialty, and automotive lubricants product categories.

Globally, the group produced more than 20 billion units at 88 plants in 17 countries and had worldwide net sales of \$2.5 billion in 2005.

The Blackstone Group of New York is the majority owner of Graham Packaging Company.

Results and dividends

The loss for the year amounted to £46,000 (2004: £1,285,000 loss). The directors do not recommend the payment of any dividends (2004: £nil).

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles based on the Parent companies Policies so as to manage these risks. The company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The use of foreign exchange forward contracts and interest rate swap contracts is governed by the company's policies approved by the board of directors, which provide written principles based on the Parent companies policies so as to manage these risks. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Graham Packaging Plastics Limited

Directors' report

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company has an Intercompany funding arrangement.

Price risk

The company is exposed to commodity price risk. The company does not manage its exposure to commodity price risk due to cost benefit considerations.

Director

The directors who served the company during the year were as follows:

T L Young
J W Hereford
G R Lu
A Sudan
R M Prevot
J E Hamilton

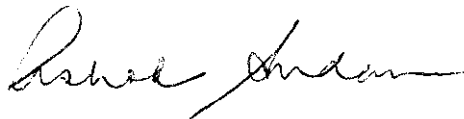
There are no directors' interests requiring disclosure under the Companies Act 1985.

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors 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

A Sudan



27 March 2007

Graham Packaging Plastics Limited

Statement of directors' responsibilities

Statement of director's responsibilities

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the company and of the group and of the profit or loss of the company for that period and comply with UK GAAP and the companies Act 1985.

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; 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 to 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF Graham
Packaging Plastics Limited**

We have audited the financial statements of Graham Packaging Plastics Limited for the year ended 31 December 2005 which comprise profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors report is not consistent with financial statements, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 company's circumstances, 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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
Graham Packaging Plastics Limited (CONTINUED)**

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham
United Kingdom

30 March 2007

Graham Packaging Plastics Limited

Profit and loss account Year ended 31 December 2005

			2004 (As restated – note 15)
	Note	2005 £'000	£000
Turnover: continuing operations	2	9,583	13,046
Cost of sales		(7,465)	(10,775)
Gross profit		2,118	2,271
Distribution costs		(669)	(1,209)
Administrative expenses (including exceptional impairment of fixed assets 2005 £Nil (2004: £1,635,000))		(1,077)	(2,443)
Operating profit / (loss)	3	372	(1,381)
Interest payable and similar charges	5	(70)	(486)
Interest receivable	6	84	38
Profit /(loss) on ordinary activities before taxation		386	(1,829)
Tax (charge)/credit on loss on ordinary activities	7	(432)	544
Loss for the financial year	16	(46)	(1,285)

All figures relate to continuing operations.

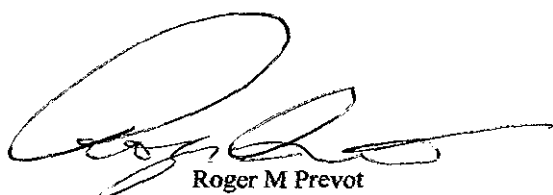
Graham Packaging Plastics Limited

Balance sheet 31 December 2005

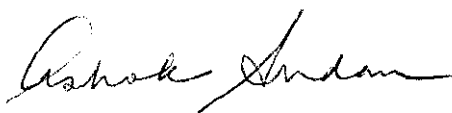
	Note	2005 £'000	2004 (As restated – note 15) £000
Fixed assets			
Tangible assets	8	3,579	4,097
Current assets			
Stocks	9	720	790
Debtors	10	3,394	2,374
Cash at bank and in hand		222	880
		4,336	4,044
Creditors: amounts falling due within one year	11	(1,567)	(1,711)
Net current assets		2,769	2,333
Total assets less current liabilities		6,348	6,430
Provisions for liabilities and charges			
Deferred taxation	7(c)	(393)	(101)
Net Assets before pension liability		5,955	6,329
Pension Liability	18	(1,054)	(1,360)
		4,901	4,969
Capital and Reserves			
Called up share capital	14	7,644	7,644
Share premium account	16	167	167
Capital reserve	16	6,897	6,897
Profit and loss account	16	(9,807)	(9,739)
Total equity shareholders' funds	16	4,901	4,969

These financial statements were approved by the Board of Directors on March 2007.

Signed on behalf of the Board of Directors



Roger M Prevot
Director



A Sudan
Director

Graham Packaging Plastics Limited

Notes to the accounts Year ended 31 December 2005

Statement of Total Recognised Gains and Losses

	2005 £000	2004 (As restated — note 15) £000
Loss for financial year	(46)	(1,285)
Actuarial loss relating to pension scheme	(31)	(176)
UK Deferred tax (credit) / charge attributable to the actuarial gains and losses	9	53
Total recognised gains and losses relating to the year	<u>(68)</u>	<u>(1,408)</u>
Prior year restatement (note 15)	<u>(1,360)</u>	
Total recognised gains and losses recognised since the last annual report and financial statements	<u>(1,428)</u>	

Graham Packaging Plastics Limited

Notes to the accounts

Year ended 31 December 2005

1. Accounting policies

Basis of accounting

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

In accordance with Financial Reporting Standard 1 "Cash flow statements", the company has taken advantage of the exemption from preparing a cash flow statement on the grounds that it is a wholly owned subsidiary within the Graham Packaging International Plastics Products Inc. group and the ultimate parent company prepares publicly available consolidated financial statements that incorporate the results of the company.

The particular accounting policies adopted are described below.

Fixed assets

All fixed assets are initially recorded at cost net of depreciation and provision for impairment.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Plant & Machinery	7.5% - 20% per annum
Fixtures & Fittings	20% per annum
Motor vehicles	33% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Graham Packaging Plastics Limited

Notes to the accounts Year ended 31 December 2005

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 substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pension costs

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Moulds and developments costs

Moulds and development costs are depreciated over varying periods up to a maximum of 5 years depending upon:

- (a) their useful life; and
- (b) the length of customer contracts

Depreciation is on a straight line basis commencing in the month in which the mould is first used.

Graham Packaging Plastics Limited

Notes to the accounts

Year ended 31 December 2005

Recoverable tooling

The company works in partnership with various customers and this may involve the agreement to purchase tooling for containers that may be recoverable over the period of the contract. This is stated within the balance sheet and any excess or surplus is reviewed and then taken to the profit and loss account.

Research and development costs

Research and product development expenditures are written off as incurred.

Graham Packaging Plastics Limited

Notes to the accounts

Year ended 31 December 2005

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover is attributable to two continuing activities, the manufacture and distribution of plastic containers and the sale of bottles and closures.

An analysis of turnover by geographical market is given below:

	2005 £'000	2004 £000
United Kingdom	8,608	7,584
Rest of Europe	917	5,378
Rest of World	58	84
	<u>9,583</u>	<u>13,046</u>

3. Operating profit / (loss)

This is stated after charging/ (crediting):

	2005 £'000	2004 £000
Auditors remuneration - audit services	39	27
- non-audit services	10	12
	<u>49</u>	<u>39</u>
Impairment of tangible fixed assets	-	1,635
Depreciation of owned fixed assets	622	1,277
	<u>622</u>	<u>2,912</u>
Profit on disposal of fixed assets	(120)	(25)
Research and Development	138	165
Operating lease rentals - plant & machinery	388	381
Profit relating to foreign exchange translation	(9)	(11)

Graham Packaging Plastics Limited

Notes to the accounts Year ended 31 December 2005

4. Information regarding directors and employees

	2005 £'000	2004 (As restated – note 15) £000
Wages and salaries	2,273	2,620
Social security costs	201	253
Other pension costs (note 17)	(112)	326
	<u>2,362</u>	<u>3,199</u>

The monthly average number of employees during the year was as follows:

	2005 £'000	2004 £000
Administrative staff	4	5
Sales and marketing	71	82
Manufacturing	3	6
	<u>78</u>	<u>93</u>

There were no emoluments paid to the directors by the company in 2005 (2004: £nil).

There were no Directors within the company pension scheme.

5. Interest payable and similar charges

	2005 £'000	2004 (As restated – note 15) £000
Net finance costs on pension scheme liabilities	70	54
Intercompany interest	-	432
	<u>70</u>	<u>486</u>

6. Interest receivable

	2005 £'000	2004 £000
Bank	29	12
Intercompany interest	55	26
	<u>84</u>	<u>38</u>

Graham Packaging Plastics Limited

Notes to the accounts

Year ended 31 December 2005

7. Tax on profit/ (loss) on ordinary activities

	2005 £'000	2004 (As restated – note 15) £000
UK Corporation tax	-	-
Group relief recoverable	-	-
Adjustments to prior years' tax provisions	-	-
Total current tax (credit)/charge (note 6(b))	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	292	(502)
Movement in deferred tax on pension liability	140	(42)
Total deferred tax charge/ (credit) (note 6(c))	432	(544)
Total tax charge/ (credit) on profit/ (loss) on ordinary activities	432	(544)

Graham Packaging Plastics Limited

Notes to the accounts

Year ended 31 December 2005

7. Tax on profit/ (loss) on ordinary activities (continued)

b) Factors affecting current tax charge/ (credit)

	2005 £'000	2004 (As restated — note 15) £000
The differences are reconciled below:		
Profit/ (loss) on ordinary activities before taxation	386	(1,829)
Profit/ (loss) on ordinary activities by standard rate in the UK 30 % 2004 – 30%)	(158)	(549)
Disallowed expenses and non-taxable income	45	38
Depreciation in excess of capital allowances	66	613
Short-term timing differences	1	26
Adjustment in respect of previous periods	-	-
Trading losses	46	(128)
Total current tax (credit)/charge (note 6(a))	-	-
c) Deferred tax		
Capital allowances in advance of depreciation	435	470
Other timing differences	(42)	(369)
Adjustments to prior years' tax provisions	-	-
Movement in pension deficit	-	-
Provision for deferred taxation liability	393	101
At 1 January	101	603
Profit and loss account movement arising during the year	292	(510)
Adjustments in respect of previous periods	-	8
At 31 December	393	101

Graham Packaging Plastics Limited

Notes to the accounts Year ended 31 December 2005

8. Tangible fixed assets

	Plant & Machinery £'000	Assets in the course of construction £'000	Equipment and vehicles £'000	Total £'000
Cost				
At 1 January 2005	13,914	-	3,768	17,682
Additions	132	220	3	355
Transfers to other group companies	(212)	-	-	(212)
Disposals	(47)	-	(49)	(96)
At 31 December 2005	13,787	220	3,722	17,729
Accumulated depreciation				
At 1 January 2005	10,719	-	2,866	13,585
Provided during the year	410	-	212	622
Transfers to other group companies	(2)	-	-	(2)
Disposals	(10)	-	(45)	(55)
At 31 December 2005	11,117	-	3,033	14,150
Net book value				
At 31 December 2005	2,670	220	689	3,579
At 1 January 2005	3,196	-	902	4,097

All Plant & Machinery within Fixed assets was reviewed for recoverability as at 31st December 2005 and this has not resulted in an impairment charge (2004 £1,635,000).

9. Stocks

	2005 £'000	2004 £000
Raw materials and consumables	180	156
Finished goods	540	634
	720	790

The directors consider that there is no material difference between the value of stock as stated above and its replacement cost.

Graham Packaging Plastics Limited

Notes to the accounts Year ended 31 December 2005

10. Debtors

	2005 £'000	2004 £000
Trade debtors	1,508	2,035
Amounts owed by group undertakings	1,702	149
Other debtors	179	144
Prepayments and accrued income	5	46
	<u>3,394</u>	<u>2,374</u>

The Intercompany loans repayable by group companies were at an average interest rate of 7.08%.

11. Creditors: amounts falling due within one year

	2005 £'000	2004 (As restated – note 15) £000
Trade creditors	762	882
Amounts owed to group undertakings	233	19
Other taxes and social security	143	163
Accruals and deferred income	429	647
	<u>1,567</u>	<u>1,711</u>

Graham Packaging Plastics Limited

Notes to the accounts

Year ended 31 December 2005

12. Commitments under operating leases

At 31 December the company had annual commitments under non-cancellable operating leases as set out below.

	2005 £'000	2004 £000
Operating leases which expire:		
Within one year	11	13
In two to five years	394	368
	<u>405</u>	<u>381</u>

13. Related party transactions

The company is a wholly owned subsidiary of Graham Packaging International Plastic Products Inc, a company registered in the U.S.A who prepares published consolidated financial statements. The company has pursuant to paragraph 17 of FRS 8 "Related Party Disclosures" not included details of transactions with other companies which are subsidiaries of Graham Packaging International Plastic Products Inc. There are no other related party transactions.

Disclosure of the Directors' interests in the shares of the company is made in the Directors' Report.

14. Called up share capital

	2005 £'000	2004 £000
Authorised:		
Ordinary shares of £1 each	<u>7,644</u>	<u>7,644</u>
Called up, allotted and fully paid		
Ordinary shares of £1 each	<u>7,644</u>	<u>7,644</u>

15. Change in accounting policy note

The company's policy in respect of pensions was changed during the year to adopt Financial Reporting Standard No. 17 "Retirement Benefits".

The previous policy recognised a charge to the profit and loss account for the regular service cost of the scheme so as to spread the cost of pensions over the service lives of the employees. Variations from regular cost were charged or credited to the profit and loss account over the estimated average remaining service life of the employees.

The new policy is to recognise the regular service cost of providing benefits to employees during the year, together with the cost of any benefits relating to past service. These costs are charged to operating profit in the year.

The interest cost on retirement benefit scheme liabilities less the expected return on the assets of the scheme during the year, based on the market value of the scheme at the start of the year, is charged as other finance charges to profit before taxation in the year.

Graham Packaging Plastics Limited

Notes to the accounts

Year ended 31 December 2005

The difference between the market value of assets and the actuarial value of pension liabilities is shown as a liability in the balance sheet, net of deferred tax.

Differences between actual and expected returns on assets and experience gains/(losses) arising on scheme liabilities during the year, together with differences arising from changes in assumptions, are recognised in the statement of total recognised gains and losses during the year.

The comparative figures in the primary statements and related notes to the financial statements have been restated to reflect the new policy.

The effect of the change in policy are summarised below:

Impact of adoption on the Profit and Loss account

	2004 as previously restated	Effect of account restatement	Restated 2004
Cost of Sales	(10,689)	(86)	(10,775)
Interest payable	(432)	(54)	(486)
Tax on profit on ordinary activities	502	42	544

Impact of adoption on the Balance Sheet

Pension Liability	-	(1,360)	(1,360)
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Given that FRS 17 has been fully adopted in the year, a calculation of the SSAP 24 charge for the year and the resulting provision or prepayment has not been performed. The effect of the change in accounting policy on the results for the year ended 31 December 2005 and the balance sheet at that date have therefore not been disclosed.

16. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total share- holders funds
	£'000	£'000	£'000	£'000	£'000
At 1 January 2005 as previously stated	7,644	167	6,897	(8,379)	6,329
Prior year Adjustment (note 14)	-	-	-	(1,360)	(1,360)
At 1 January 2005 as restated	7,644	167	6,897	(9,739)	4,969
Movement for the year	-	-	-	(46)	(46)
Other recognised gains & losses	-	-	-	(22)	(22)
At 31 December 2005	7,644	167	6,897	(9,807)	4,901

17. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £4,000 (2004: £9,000).

Graham Packaging Plastics Limited

Notes to the accounts Year ended 31 December 2005

18. Pension commitments

a) Pensions

The company operates a defined benefit scheme for its employees.

The scheme is funded by the payment of contributions to separately administered trust funds.

The pension cost charged to the profit and loss account for the period was £226,000 (2004:£ 216,000). The amount included within accruals at 31 December 2005 was £18,253 (2004: £20,463).

The most recent independent actuarial valuation as at 6 April 2003 showed that the market value of the scheme assets was £2.2 million and that the actuarial value of those represented 74% of the benefits that had accrued to members after allowing for future increases in earnings, the valuation was updated at 31 December 2005. The scheme was valued in accordance with the projected unit method. The most significant assumptions affecting the valuations are as follows:

	2005 %	2004 %	2003 %
Main assumptions:			
Rate of increase in salaries	3.5	3.5	4.0
Rate of increase in pensions in payment	3.2	3.5	3.2
Discount rate	4.9	5.4	5.4
Inflation assumption	2.7	3.2	2.7

The assets and liabilities of the scheme and the expected rate of return at 31 December are:

Graham Packaging Plastics Limited

Notes to the accounts Year ended 31 December 2005

18. Pension commitments (continued)

	2005		2004		2003	
	Long-term rate of return expected %	Value £'000	Long-term rate of return expected %	Value £'000	Long-term rate of return expected %	Value £'000
Equities	7.0	2,375	7.4	2,080	7.8	1,086
Bonds	4.7	576	4.9	562	5.4	636
Other	4.2	593	4.9	491	5.4	875
Total market value of assets		3,544		3,133		2,597
Present value of scheme liabilities		(5,050)		(5,076)		(4,224)
Deficit in the scheme		(1,506)		(1,943)		(1,627)
Related deferred tax asset		452		583		488
Net pension liability		(1,054)		(1,360)		(1,139)

Graham Packaging Plastics Limited

Notes to the accounts Year ended 31 December 2005

18. Pension commitments (continued)

An analysis of the defined benefit cost for the year ended 31 December 2005 is as follows:

	2005 £'000	2004 £'000	2003 £'000
Current services cost	(291)	(326)	(321)
Curtailments	403	-	-
Total operating income / (charge)	112	(326)	(321)
Expected return on pension scheme assets	204	174	127
Interest on pension scheme liabilities	(274)	(228)	(179)
Total other finance income	(70)	(54)	(52)
Actual return less expected return on pension scheme assets	273	129	182
Experience gains/ (losses) arising on scheme liabilities	(86)	265	(179)
Loss arising from changes in assumptions underlying the present value of scheme liabilities	(218)	(570)	(325)
Actuarial loss recognised in the statement of total recognised gains and losses	(31)	(176)	(322)
Analysis of movements in surplus during the year	2005 £'000	2004 £'000	2003 £'000
At 1 January 2005	(1,943)	(1,627)	(1,207)
Total operating income / (charge)	112	(326)	(321)
Total other finance income	(70)	(54)	(52)
Actuarial loss recognised in the statement of total recognised gains and losses	(31)	(176)	(322)
Contributions	426	240	275
At 31 December 2005	(1,506)	(1,943)	(1,627)

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Notes to the accounts

Year ended 31 December 2005

18. Pension commitments (continued)

History of experience gains and losses:

	2005 £'000	2004 £'000	2003 £'000
Analysis of movements in surplus during the year			
Difference between expected return and actual return on pension scheme assets:			
Amount	273	129	183
Percentage of scheme asset	8%	4%	7%
Experience gains / (losses) arising on scheme liabilities:			
Amount	(86)	265	(179)
Percentage of present value of the scheme liabilities	(2%)	5%	(4%)
Total actuarial loss recognised in the statement of total recognised gains and losses:			
Amount	(31)	(176)	(322)
Percentage of present value of the schemes liabilities	(1%)	(3%)	(8%)

19. Ultimate parent company

The immediate parent undertaking of Graham Packaging Plastics Limited is Graham Packaging International Plastic Products Inc, a company registered in the U.S.A

The company's ultimate parent undertaking and controlling party is The Blackstone Group, a company registered in the U.S.A. The smallest and largest group into which Graham Packaging Plastics Limited is consolidated is Graham Packaging Company, L.P who prepares published consolidated financial statements. Copies of its group accounts, which included in the company, are available c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware DE 19801, U.S.A