

Company Registration No. 1038677

**GRAHAM PACKAGING PLASTICS
LIMITED**

Report and Financial Statements

31 December 2010



09/09/2011

GRAHAM PACKAGING PLASTICS LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

CONTENTS

Page

Officers and professional advisers	1
Directors' report	2
Directors' responsibilities statement	5
Independent auditor's report	6
Profit and loss account	8
Balance sheet	9
Statement of total recognised gains and losses	10
Notes to the financial statements	11

GRAHAM PACKAGING PLASTICS LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

F Afarian
D W Bullock
M S Burgess
T C Hallowell
S Kolakowski

SECRETARY

TMF Corporate Administrative Services Limited

REGISTERED OFFICE

Irton House
The Tower Estate
Warpsgrove Lane
Chalgrove
Oxfordshire
OX44 7TH

BANKERS

Barclays Bank PLC
28 George Street
Luton
LU1 2AE

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge

GRAHAM PACKAGING PLASTICS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

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)

BUSINESS REVIEW

Turnover in 2010 decreased to £9,410,000 from £10,486,000 in 2009

The lower turnover in 2010 was due to lower sales volume in the domestic market and the loss of a top ten customer in the latter part of the year, offset by increases due to the use of new contract fillers within the domestic market

The operating loss was £420,000 in 2010 compared with an operating loss of £85,000 in 2009

Operating margin in the year was again affected by the increased price of base materials, commodities and significant net increases in utility costs. This was offset by the lower distribution and warehousing costs but higher administration costs in the year due to increased pension and legal costs

The loss for the year after taxation was £458,000 (2009 £31,000 loss)

Group debtors increased to £1,924,000 following increased loans given and repayments received during 2010 (2009 £1,056,000)

Accruals and creditors increased in 2010 to £1,962,000 (2009 £1,547,000) due to increased lease rental costs and increased sales related costs, offset by lower deferred revenues following the changes in associated project billings during the year

In 2010 the company invested in plant and equipment of £270,000 during the year as part of its commitment to continue to invest towards additional growth in future years

The company incurred research and development expenditure of £130,000 in the year (2009 £136,000), this lower cost reflecting the continuing involvement of other group companies on a global basis

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/speciality, and automotive lubricants product categories

Globally, the group produced more than 20 billion units at 80 plants in 17 countries and had worldwide net sales of \$2.5 billion in 2010

The Blackstone Group of New York was the majority owner of Graham Packaging Company, L P until 8 September 2011. Blackstone's majority interest in Graham Packaging Inc, a publicly-traded company on the New York Stock Exchange, was acquired by Reynolds Group Holdings Limited in an all-cash transaction for USD 25.50 per share, or a total of approximately USD 4.5 billion including assumed indebtedness. The date of the closure for the transaction was 8 September 2011

DIVIDENDS

The directors do not recommend the payment of any dividends (2009 £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 company's policies so as to manage these risks. The company does not use derivative financial instruments for speculative purposes. At the end of the year there were no derivatives either being used or in progress

GRAHAM PACKAGING PLASTICS LIMITED

DIRECTORS' REPORT (continued)

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 company's 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.

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 intercompany funding arrangements.

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.

GOING CONCERN

The company's business activities, together with the factors likely to have an affect on its future development and position are set out in the business review section above.

The financial position of the company and its cash flows are described in the directors' report above and this includes the company's policies and processes for managing its capital and its financial risk as well as its limited exposure to credit risk and liquidity risk.

The company continues to trade on an ongoing basis and still has intercompany debtors in the form of loans due, and this together with the continued capital investment in the company as well as having contracts with a large number of customers and suppliers over a longer term across different business areas and different industries gives reason to the directors that the company is well placed to manage its business risks despite the current economic outlook.

The directors have reviewed the forecast relating to the company for a period of 12 months from the date of signing of the directors' report and are satisfied that the company has sufficient resources to continue to trade for the next 12 months.

The directors have concluded that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

GRAHAM PACKAGING PLASTICS LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

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

F Afarian
D W Bullock
M S Burgess
T C Hallowell
S Kolakowski
A Sudan (resigned 17 August 2010)

AUDITOR

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

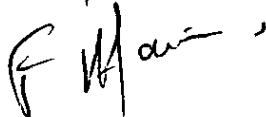
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor 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 as auditor will be proposed at the forthcoming Annual General Meeting

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

23/09/2011



F Afarian

23 September 2011

GRAHAM PACKAGING PLASTICS 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 period. 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 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 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 GRAHAM PACKAGING PLASTICS LIMITED

We have audited the financial statements of Graham Packaging Plastics Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 18. 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 the directors, and the overall presentation of the financial statements.

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 2010 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

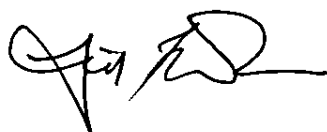
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAHAM PACKAGING PLASTICS LIMITED (continued)

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



Stuart Henderson (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

29 September 2011

GRAHAM PACKAGING PLASTICS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	2	9,410	10,486
Cost of sales		(8,734)	(9,563)
Gross profit		<u>676</u>	<u>923</u>
Distribution costs		(354)	(423)
Administrative expenses (including exceptional cost of £61,000 in 2009)		(742)	(585)
Operating loss	3	<u>(420)</u>	<u>(85)</u>
Interest payable and similar charges	5	(74)	(12)
Interest receivable	6	36	79
Loss on ordinary activities before taxation		<u>(458)</u>	<u>(18)</u>
Tax on loss on ordinary activities	7	-	(13)
Loss for the financial year after taxation	15	<u>(458)</u>	<u>(31)</u>

All figures relate to continuing operations

GRAHAM PACKAGING PLASTICS LIMITED

BALANCE SHEET 31 December 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	8	<u>3,305</u>	<u>3,961</u>
Current assets			
Stocks	9	953	778
Debtors	10	3,535	2,830
Cash at bank and in hand		<u>463</u>	<u>1,010</u>
		4,951	4,618
Creditors, amounts falling due within one year	11	<u>(3,291)</u>	<u>(3,195)</u>
Net current assets		<u>1,660</u>	<u>1,423</u>
Net assets excluding pension liability		4,965	5,384
Pension liability	17	<u>(876)</u>	<u>(1,361)</u>
Net assets including pension liability		<u><u>4,089</u></u>	<u><u>4,023</u></u>
Capital and reserves			
Called up share capital	14	7,644	7,644
Share premium account	15	167	167
Capital reserve	15	6,897	6,897
Profit and loss account	15	<u>(10,619)</u>	<u>(10,685)</u>
Total shareholders' funds	15	<u><u>4,089</u></u>	<u><u>4,023</u></u>

The financial statements of Graham Packaging Plastics Limited, registered number 1038677, were approved by the Board of Directors and authorised for issue on *23 September 2011*

Signed on behalf of the Board of Directors

23/09/2011

F Afarian

F Afarian

Director

GRAHAM PACKAGING PLASTICS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 2010

	2010	2009
	£'000	£'000
Loss for financial year	(458)	(31)
Actuarial gains / (losses) relating to pension scheme (note 17)	524	(651)
	<hr/>	<hr/>
Total recognised gains / (losses) relating to the year	<u>66</u>	<u>(682)</u>

GRAHAM PACKAGING PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

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

The particular accounting policies adopted are described below. They have been applied consistently throughout the year and the preceding year

Cash flow statement

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 cash flow of the company

Going concern

The accounts have been prepared on the going concern basis for the reasons disclosed in Directors' report on Page 3

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 and machinery	7.5% - 20% per annum
Fixtures and fittings	20% per annum
Motor vehicles	33% per annum

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

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

GRAHAM PACKAGING PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

1. ACCOUNTING POLICIES (continued)

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 included within the balance sheet within prepayments and any excess or surplus is reviewed and then taken to the profit and loss account.

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.

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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

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.

Research and development costs

Research and product development expenditures are written off as incurred.

GRAHAM PACKAGING PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

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

	2010 £'000	2009 £'000
United Kingdom	9,005	10,080
Rest of Europe	329	329
Rest of World	76	77
	<u>9,410</u>	<u>10,486</u>

3. OPERATING LOSS

	2010 £'000	2009 £'000
This is stated after charging (crediting):		
Fees payable to the company's auditor for the audit of the company's annual accounts	34	27
Fees payable to the company's auditor for tax services	5	5
Depreciation of owned fixed assets	925	911
Profit on disposal of fixed assets	-	(22)
Research and development	130	136
Operating lease rentals		
- land and buildings	441	480
- other	53	57
Loss / (profit) relating to foreign exchange translation	<u>16</u>	<u>(36)</u>

GRAHAM PACKAGING PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2010 £'000	2009 £'000
Wages and salaries	1,966	2,020
Social security costs	178	190
Other pension costs (note 17)	238	174
	<u>2,382</u>	<u>2,384</u>

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

	2010 No	2009 No
Administrative staff	3	3
Manufacturing	60	62
Sales and marketing	3	3
	<u>66</u>	<u>68</u>

No director received any remuneration in relation to their services to this company in 2010 (2009 £nil), as their remuneration was borne by other companies within the Graham Packaging Group

There were no directors within the company pension scheme

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £'000	2009 £'000
Foreign exchange losses	16	-
Net finance costs on pension scheme liabilities	58	12
	<u>74</u>	<u>12</u>

6. INTEREST RECEIVABLE AND OTHER INCOME

	2010 £'000	2009 £'000
Foreign exchange gains	-	36
Bank	3	1
Intercompany interest	33	42
	<u>36</u>	<u>79</u>

GRAHAM PACKAGING PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

7. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no deferred tax charge for the current or previous year

Factors affecting current tax charge

	2010 £'000	2009 £'000
The differences are reconciled below		
Loss on ordinary activities before taxation	(458)	(18)
Loss on ordinary activities by standard rate in the UK 28% (2009 - 28%)	(128)	(5)
Disallowed expenses and non-taxable income	35	14
Depreciation in excess of capital allowances	31	9
Short-term timing differences	7	37
Unutilised/Utilised losses	55	(42)
Total current tax charge	-	13

c) Deferred tax

Capital allowances in advance of depreciation	123	157
Other timing differences	(29)	(35)
Losses	(94)	(122)
Provision for deferred taxation liability	-	-

The company has an unprovided deferred tax asset of approximately £ 670,000 (2009 £606,000) in respect of losses carried forward and £236,000 (2009 £381,000) in respect of the pension fund liability

No deferred tax asset has been recognised due to uncertainty that the company will have sufficient taxable profits against which the assets may be utilised in the foreseeable future

On 23 March 2011 the Government announced that the main rate of corporation tax would reduce to 26% with effect from 1 April 2011, with subsequent 1% reductions per annum to reach 23% with effect from 1 April 2014. These tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in the financial statements. The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

GRAHAM PACKAGING PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

8. TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Equipment and vehicles £'000	Total £'000
Cost			
At 1 January 2010	14,045	4,959	19,004
Additions	236	34	270
Reclassification	(27)	27	-
Disposals	-	(16)	(16)
	<hr/>	<hr/>	<hr/>
At 31 December 2010	14,254	5,004	19,258
Accumulated depreciation			
At 1 January 2010	11,366	3,677	15,043
Provided during the year	708	217	925
Reclassification	1	-	1
Disposals	-	(16)	(16)
	<hr/>	<hr/>	<hr/>
At 31 December 2010	12,075	3,878	15,953
Net book value			
At 31 December 2010	<hr/> 2,179 <hr/>	<hr/> 1,126 <hr/>	<hr/> 3,305 <hr/>
At 31 December 2009	<hr/> 2,679 <hr/>	<hr/> 1,282 <hr/>	<hr/> 3,961 <hr/>

Within plant and machinery are assets valued at £247,000 related to assets in the course of construction that were not depreciated in the year (2009 £11,000)

9. STOCKS

	2010 £'000	2009 £'000
Raw materials and consumables	159	142
Finished goods	794	636
	<hr/>	<hr/>
	953	778
	<hr/>	<hr/>

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 FINANCIAL STATEMENTS

Year ended 31 December 2010

10 DEBTORS

	2010 £'000	2009 £'000
Trade debtors	1,331	1,466
Amounts owed by group undertakings	1,924	1,056
Other debtors	8	7
Prepayments and accrued income	272	301
	<u>3,535</u>	<u>2,830</u>

The intercompany loans repayable by group companies, totalling £1,873,000 (2009 - £994,000) included in the above amounts owed by group undertakings, were at an average interest rate of 2.6%

These intercompany loans are on a rolling 3 month term agreement

11 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £'000	2009 £'000
Trade creditors	936	1,224
Amounts owed to group undertakings	329	329
Corporation tax	(13)	13
Other taxes and social security	77	82
Accruals and deferred income	1,962	1,547
	<u>3,291</u>	<u>3,195</u>

12. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings		Other	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Operating leases which expire				
Within one year	-	-	5	5
In one to two years	-	-	16	16
In two to five years	-	-	32	18
After five years	443	443	-	-
	<u>443</u>	<u>443</u>	<u>53</u>	<u>39</u>

GRAHAM PACKAGING PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

13. RELATED PARTY TRANSACTIONS

As at 31 December 2010, the company was a wholly owned subsidiary of Graham Packaging Company, L P 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 Company, L P. There are no other related party transactions.

14. CALLED UP SHARE CAPITAL

	2010 £'000	2009 £'000
Called up, allotted and fully paid Ordinary shares of £1 each	7,644	7,644

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total share- holders' Funds 2010 £'000	Total share- holders' funds 2009 £'000
At 1 January 2010	7,644	167	6,897	(10,685)	4,023	4,705
Loss for the year	-	-	-	(458)	(458)	(31)
Other recognised gains and losses	-	-	-	524	524	(651)
At 31 December 2010	7,644	167	6,897	(10,619)	4,089	4,023

	2010 £'000	2009 £'000
Profit and loss reserve excluding pension liability	(9,743)	(9,324)
Pension reserve	(876)	(1,361)
Profit and loss reserve	(10,619)	(10,685)

16. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £51k (2009: £nil)

GRAHAM PACKAGING PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

17. PENSION COMMITMENTS

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 company made contributions of £238,000 in the year (2009 £174,000)

The company has agreed to contribute into the Pension Scheme at an agreed contribution rate of 17% based on any eligible scheme members on an ongoing basis for a three year period which commenced from October 2010

The most recent independent actuarial valuation as at 6 April 2009 showed that the market value of the scheme assets was £3.9 million and that the actuarial value of those represented 67% of the benefits that had accrued to members after allowing for future increases in earnings, the valuation was updated at 31 December 2010. The scheme was valued in accordance with the projected unit method. The most significant assumptions affecting the valuations are as follows:

	2010 %	2009 %	2008 %
Main assumptions			
Rate of increase in salaries	3.2	3.1	3.8
Rate of increase in pensions in payment	3.2	3.6	3.2
Discount rate	5.9	6.0	6.4
Inflation assumption	3.3	3.6	3.2

A 17 year recovery plan for the deficit includes deficit recovery contributions of £198,000 per year for 17 years from October 2010.

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

	2010		2009		2008	
	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	6.8	2,006	7.5	1,649	7.9	1,380
Bonds	5.3	847	5.3	615	6.3	172
Property	6.8	664	7.5	593	7.9	594
Other	5.3	1,391	5.3	1,514	6.3	1,812
Total market value of assets		4,908		4,371		3,958
Present value of scheme liabilities		(5,784)		(5,732)		(4,629)
Deficit in the scheme		(876)		(1,361)		(671)
Related deferred tax asset		-		-		-
Net pension liability		(876)		(1,361)		(671)

GRAHAM PACKAGING PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

17. PENSION COMMITMENTS (continued)

An analysis of the defined benefit cost for the year ended 31 December 2010 is as follows

	2010 £'000	2009 £'000	2008 £'000
Current services cost	(219)	(201)	(257)
Curtailments	-	-	-
Total operating charge	(219)	(201)	(257)
Expected return on pension scheme assets	286	284	289
Interest on pension scheme liabilities	(344)	(296)	(283)
Total other finance (expense)/income	(58)	(12)	6
Actual return less expected return on pension scheme assets	89	30	(605)
Experience gains arising on scheme liabilities	221	82	112
Gain / (loss) arising from changes in assumptions underlying the present value of scheme liabilities	214	(763)	944
Actuarial gain / (loss) recognised in the statement of total recognised gains and losses	524	(651)	451
Analysis of movements in deficit during the year	2010 £'000	2009 £'000	2008 £'000
At 1 January 2010	(1,361)	(671)	(1,044)
Total operating charge	(219)	(201)	(257)
Total other finance (expense)/income	(58)	(12)	6
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses	524	(651)	451
Contributions	238	174	173
At 31 December 2010	(876)	(1,361)	(671)

GRAHAM PACKAGING PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

17. PENSION COMMITMENTS (continued)

History of experience gains and losses

	2010	2010	2009	2009	2008	2008	2007	2007	2006	2006
	%	£'000	%	£'000	%	£'000	%	£'000	%	£'000
Of scheme assets										
Difference between expected and actuarial return on scheme assets	2	89	1	30	(15)	(605)	(4)	(173)	1	55
Of scheme liabilities										
Experience gains and losses on scheme liabilities	4	221	1	82	2	112	3	155	4	217
Total amount recognised in the STRGL	9	524	(11)	(651)	10	451	6	304	7	371

18. 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 until 8 September 2011 was The Blackstone Group, a company registered in the U S A The smallest and largest group into which Graham Packaging Plastics Limited was consolidated is Graham Packaging Company, L P who prepares published consolidated financial statements Copies of its group accounts, which include the company, are available c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware DE 19801, U S A

The Blackstone Group of New York is the majority owner of Graham Packaging Inc , the ultimate beneficial owner of Graham Packaging Company, L P Blackstone's majority interest in Graham Packaging Inc , a publicly-traded company on the New York Stock Exchange, was be acquired by Reynolds Group Holdings Limited in an all-cash transaction for USD 25 50 per share, or a total of approximately USD 4 5 billion including assumed indebtedness The date of the closure for the transaction was 8 September 2011