Company Registration No. 3565671

GRAHAM PACKAGING U.K. LIMITED

Annual report and financial statements

for the year ended 31 December 2011

GRAHAM PACKAGING U.K. LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T C Hallowell
S Kolakowski
M Burgess
F Afarian

SECRETARY

TMF Corporate Administration Services Limited

REGISTERED OFFICE

5th Floor
6 St Andrew Street
London
EC4A 3AE

BANKERS

National Westminster Bank plc
Spring Gardens
Manchester
M60 2DB

SOLICITORS

Myers Lister Price
7 Market Street
Altrincham
Cheshire
WA14 1QE

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
9 Greyfriars Road
Reading
RG1 1JG

GRAHAM PACKAGING U.K. LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2011 Following elective resolutions made on 2 September 2004, the company is not required to hold an annual general meeting or lay accounts before the company in such a meeting

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption Accordingly, no enhanced business review has been prepared

PRINCIPAL ACTIVITIES

The company has not traded since 2002 and will not recommence operations in the foreseeable future The company incurs expenditure in relation to administrative and professional fees in respect of the pension scheme and preparing annual accounts The company has net liabilities of £8 8 million, predominantly relating to amounts owed to its parent company See below for further information in respect of the future of the company

DIVIDENDS AND TRANSFERS FROM RESERVES

The retained loss for the year of £2,000 (2010 £26,000) has been withdrawn from reserves The directors are unable to recommend the payment of a dividend (2010 same)

DIRECTORS

The directors of the company who served during the year and thereafter unless otherwise stated were

T C Hallowell
S Kolakowski
M Burgess
F Afarian
D W Bullock (resigned 2 October 2011)

GOING CONCERN

As discussed in the principal activities section above, the company has not traded since 2002 and will not recommence operations in the foreseeable future The company incurs expenditure in relation to administrative and professional fees in respect of the pension scheme and preparing annual accounts

The company is in a net current liabilities position of £8 8 million at the balance sheet date The company is financed by its parent company through a significant intercompany loan As at the date of signing of these financial statements, the directors are in negotiations with the parent company regarding the waiver of this loan payable or other alternative funding to be provided to enable the company to settle the loan, although no formal commitment from the parent company in respect of such waiver or other funding has as yet been obtained

It is the directors' intentions, once such agreement can be reached, to affect an orderly disposal of the company's assets and return a remaining value to its shareholders through a members' voluntary solvent liquidation

Accordingly, as stated in note 1, the annual financial statements have been prepared on break up basis rather than a going concern basis The company's assets have been stated in the financial statements at their estimated net recoverable amounts No adjustments to reduce assets to their net realisable value, to provide for liabilities arising from the decision nor to reclassify non current assets/liabilities to current assets/liabilities have been necessary, as the only remaining asset is the current cash balance and the only liability is the current intercompany payable

AUDITORS

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 auditors are unaware, and
- the director has taken all the steps that they ought to have been taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

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

Approved by the Board of Directors
and signed on behalf of the Board on 26 September 2012

F Afarian, Director

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' 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 prepared 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 judgments and estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

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 AUDITORS' REPORT TO THE MEMBERS OF GRAHAM PACKAGING U.K. LIMITED

We have audited the financial statements of Graham Packaging European Services Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 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)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3 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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements 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 2011 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

Emphasis of matter – basis of preparation of financial statements

We draw your attention to note 1 which explains that the company has not traded since 2002 and the directors intend to affect an orderly disposal of assets and return the remaining value to shareholders through a members' voluntary solvent liquidation Accordingly the accounts have been prepared on a break up basis, as explained in note 1 Our opinion is not qualified in this respect

Opinion on other matters 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 AUDITORS' REPORT TO THE MEMBERS OF GRAHAM PACKAGING U.K. 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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report

Steven Formoy

Steven Formoy (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
28 SEP 2012

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Operating Loss	3	**(2)**	(26)
Other finance costs	9	-	-
Loss on ordinary activities before taxation		**(2)**	(26)
Tax loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation	8	**(2)**	(26)

All transactions arise from discontinued operations of the company See note 1 of the annual financial statements

There have been no recognised gains and losses attributable to the shareholders other than those included in the profit and loss account of the company for the current and prior years Accordingly, no separate statement of total recognised gains and losses has been presented

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical equivalents

BALANCE SHEET
As at 31 December 2011

	Note	2011 £'000	2010 £'000
Current assets			
Cash in bank and in hand		**4**	1
Creditors amounts falling due within one year	5	**(8,820)**	(8,815)
Net current liabilities		**(8,816)**	(8,814)
Total assets less current liabilities before pension liabilities		**(8,816)**	(8,814)
Net pension liability	9	-	-
Net liabilities		**(8,816)**	(8,814)
Capital and reserves			
Called up share capital	6	-	-
Profit and loss account (deficit)	7	**(8,816)**	(8,814)
Shareholders' deficit	8	**(8,816)**	(8,814)

These financial statements on pages 6 to 12 were approved by the Board of Directors and authorised for issue on 26 September 2012

Signed on behalf of the Board of Directors

F Atarian

Director

Registered number 3565671

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2011

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards The particular accounting policies, which have been applied consistently in the current and prior year, are described below

Basis of preparation - going concern

The company has not traded since 2002 and will not recommence operations in the foreseeable future The company incurs expenditure in relation to administrative and professional fees in respect of the pension scheme and preparing annual accounts

The company is in a net current liabilities position of £8 8 million at the balance sheet date The company is financed by its parent company through a significant intercompany loan As at the date of signing of these financial statements, the directors are in negotiations with the parent company regarding the waiver of this loan payable or other alternative funding to be provided to enable the company to settle the loan, although no formal commitment from the parent company in respect of such waiver or other funding has as yet been obtained

It is the directors intentions, once such agreement can be reached, to affect an orderly disposal of the company's assets and return a remaining value to its shareholders through a members' voluntary solvent liquidation

Accordingly, the annual financial statements have been prepared on break up basis rather than a going concern basis The company's assets have been stated in the financial statements at their estimated net recoverable amounts No adjustments to reduce assets to their net realisable value, to provide for liabilities arising from the decision nor to reclassify non current assets/liabilities to current assets/liabilities have been necessary, as the only remaining asset is the current cash balance and the only liability is the current intercompany payable

Accounting convention

The financial statements are prepared under the historical cost convention

Taxation

Current tax, including 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 at 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 company'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 to the extent that, 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 is measured on a non-discounted basis

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

1 ACCOUNTING POLICIES (continued)

Pension costs

Pension costs are accounted for in accordance with FRS 17 "Retirement Benefits"

For the defined benefit pension scheme, 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 financial costs or credits adjacent to interest Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

The defined benefit pension scheme is funded, with the assets held separately from those of the company, 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 scheme was wound up on 14 October 2011 See note 9

Cash flow statement

The company has taken advantage of the exemption available in accordance with the special provisions relating to small companies and accordingly no cash flow statement is presented

2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' emoluments

The directors are remunerated by other group companies in respect of their services to the group as a whole and it is not possible to apportion this remuneration among the companies of the group

Employee numbers and staff costs

The company had no employees in the year other than the directors listed on page 1 (2010 same) and incurred no staff costs (2010 £nil)

3. OPERATING LOSS

	2011 £'000	2010 £'000
Administrative expenses	(2)	(26)
Operating loss	(2)	(26)

Operating loss is after charging		
Auditors' remuneration - audit of the company's annual financial statements	-	3
- tax compliance services	-	2

Auditors' remuneration in respect of the audit of the financial statements is borne by another group company

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

4 TAX ON LOSS ON ORDINARY ACTIVITIES

	2011	2010
	£'000	£'000
Corporation tax		
Current tax on loss on ordinary activities	-	-

Factors affecting tax charge for the current year

The tax assessed for the year is higher (2010 higher) than that resulting from applying the standard rate of corporation tax in the UK **20 25%** (2010 21%) The differences are explained below

	2011	2010
	%	%
Standard tax rate for year as a percentage of losses	**(20.25)**	(21)
Effects of		
Creation of tax losses - unutilised	**(20 25)**	21
Current tax rate for year as a percentage of losses	-	-

A deferred tax asset amounting to £137,000 (2010 £143,000) for tax losses has not been recognised because in the opinion of the directors there will be no future taxable profits against which these losses can reverse

5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£'000	£'000
Trade creditors	-	1
Amounts owed to group undertakings	**8,820**	8,806
Accruals and deferred income	-	8
	8,820	8,815

Amounts owed to group undertakings are unsecured, bear no interest and are repayable on demand

6 CALLED-UP SHARE CAPITAL

	2011	2010
	£	£
Called up, allotted and fully paid		
1 ordinary share of £1 each	**1**	1

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

7. RESERVES

	2011 £'000
Profit and loss account	
At 1 January 2011 (deficit)	(8,814)
Loss for the year	(2)
At 31 December 2011 (deficit)	(8,816)

8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2011 £'000	2010 £'000
Loss for the financial year	(2)	(26)
Net increase in shareholders' deficit	(2)	(26)
Opening shareholders' deficit	(8,814)	(8,788)
Closing shareholders' deficit	(8,816)	(8,814)

9 PENSION SCHEME

Until 14 February 2003, the company operated a funded defined benefit pension scheme for all qualifying employees

The Scheme was administered by a trustee company, Graham Packaging U K Pension Trustees Limited The assets of the Scheme were held by the trustee company and kept completely separate from the assets of the company The Trustees used the assets to pay pensions and other benefits to members, their relatives and dependants in accordance with the Scheme's trust deed and rules On 23 May 2005 the Trustees secured the majority of the Scheme's liabilities with an insurance company resulting in a settlement gain of £697,000 This settlement has resulted in the company being relieved of its primary responsibilities for the pension obligation

As at 31 December 2010, the scheme held assets of £40,000 being cash at bank of £18,000 and unit trust holdings of £22,000 Equivalent actuarial liabilities were held as at the same date During the period to 14 October 2011, the scheme transferred all remaining assets and liabilities to an insurance company The scheme was wound up as at 14 October 2011 with no remaining assets or liabilities as at that date

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

10 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" for wholly-owned subsidiaries not to disclose transactions with entities that are part of the same group

11 ULTIMATE CONTROLLING PARTY

The immediate parent company is Graham Packaging Company, L P , which is incorporated in the United States of America

The company's ultimate parent undertaking and controlling party until 8 September 2011 was The Blackstone Group, a company registered in the United States of America On 8 September 2011, The Blackstone Group sold its majority interest in Graham Packaging Inc, a publicly traded company on the New York Stock Exchange, to Reynolds Group Holdings Limited

As a result of this sale, the ultimate parent company is Packaging Holdings Limited, a company incorporated in New Zealand, which is the parent of Reynolds Group Holdings Limited

The ultimate controlling party is Graeme Hart