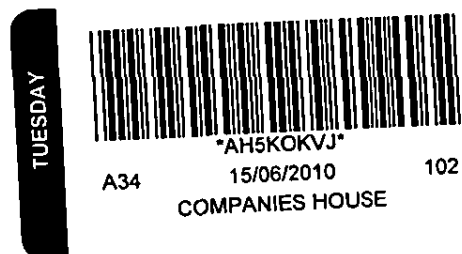


**GRAHAM PACKAGING EUROPEAN  
SERVICES LIMITED**

**Report and Financial Statements  
For the year ended 31 December 2009**



# **GRAHAM PACKAGING EUROPEAN SERVICES LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2009**

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# **GRAHAM PACKAGING EUROPEAN SERVICES LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

T C Hallowell	(USA)	
S Kolakowski	(Poland)	
M S Burgess	(USA)	
D W Bullock	(USA)	(appointed 5 May 2009)
F Afarian	(France)	(appointed 2 March 2009)
M Manry	(France)	(resigned 2 March 2009)

### **SECRETARY**

Clifford Chance Secretaries Limited

### **REGISTERED OFFICE**

10 Upper Bank Street  
London  
E14 5JJ

### **BANKERS**

National Westminster Bank plc  
Spring Gardens  
Manchester  
M60 2DB

### **SOLICITORS**

Allington Hughes  
10 Grosvenor Road  
Wrexham  
LL11 1SD

### **AUDITORS**

Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Liverpool  
United Kingdom

# GRAHAM PACKAGING EUROPEAN SERVICES LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2009. Following elective resolutions made on 27 October 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 principal activity of the company is to provide employee services to other group companies. The directors do not expect this to change.

## REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

A summary of the trading results is given on page 5. The loss for the year of £4,899 (2008 profit £26,893) has been transferred from (2008 to) reserves. The directors expect a satisfactory performance from the company in the coming year. No dividend is proposed (2008 £nil).

## DIRECTORS

The following directors have held office during the year and thereafter:

T C Hallowell	(USA)	
M S Burgess	(USA)	
S Kolakowski	(Poland)	
M Manry	(France)	(resigned 2 March 2009)
D W Bullock	(USA)	(appointed 5 May 2009)
F Afarian	(France)	(appointed 2 March 2009)

## GOING CONCERN

The company's business activities relate to its agreement to provide employee services to other group companies.

The company's working capital requirements are financed by positive cash balances and intercompany trading balances. The agreement to provide employee services is such that its day-to-day expenses are met through recharges to other group companies.

The company's forecasts and projections prepared for a period of 12 months from the date of this report, taking account of reasonably possible changes in trading performance arising out of uncertainties in the current economic conditions, show that the company should be able to operate within its current working capital arrangements.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

## AUDITORS

Each of the persons is a director of the company at the date when the report is approved:

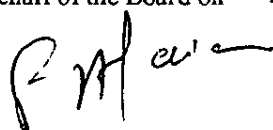
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that they ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Deloitte LLP has expressed their willingness to continue in office as auditors. Appropriate arrangements have been put into place for them to be deemed reappointed as auditors in the absence of an annual general meeting.

Approved by the Board of Directors  
and signed on behalf of the Board on 4/June/2010

F Afarian  
Director



## **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 judgments and estimates that are reasonable and prudent,
- state whether applicable United Kingdom 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 that 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 EUROPEAN SERVICES LIMITED**

We have audited the financial statements of Graham Packaging European Services Limited for the year ended 31 December 2009, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 12. 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 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 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 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 (APB'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 2009 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.

### **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,
- the financial statements are not in agreement with the accounting records and returns,
- certain disclosures of directors' remuneration specified by law are not made,
- 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.



William Smith (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Manchester, United Kingdom

4 June 2010

# GRAHAM PACKAGING EUROPEAN SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2009

	Note	2009 £	2008 £
<b>TURNOVER</b>			
Cost of sales	1, 3	774,414 (715,599)	754,384 (696,929)
<b>GROSS PROFIT</b>		<u>58,815</u>	<u>57,455</u>
Administrative expenses		(67,211)	(19,997)
<b>OPERATING (LOSS)/PROFIT</b>	4	<u>(8,396)</u>	<u>37,458</u>
Interest receivable and similar income		1,339	-
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(7,057)</u>	<u>37,458</u>
Tax credit/(charge) on (loss)/profit on ordinary activities	5	<u>2,158</u>	<u>(10,565)</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	9	<u>(4,899)</u>	<u>26,893</u>

The above results all derive from continuing activities

There have been no recognised gains and losses attributable to the shareholders other than the loss for the current year and profit for the prior year. Accordingly, no separate statement of total recognised gains and losses has been presented.

# GRAHAM PACKAGING EUROPEAN SERVICES LIMITED

## BALANCE SHEET At 31 December 2009

	Note	2009 £	2008 £
<b>CURRENT ASSETS</b>			
Debtors	6	204,109	210,939
Cash		26,817	13,382
		<u>230,926</u>	<u>224,321</u>
<b>CREDITORS: amounts falling due within one year</b>	7	(120,357)	(108,853)
		<u>110,569</u>	<u>115,468</u>
<b>NET ASSETS</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	1	1
Profit and loss account	9	110,568	115,467
		<u>110,569</u>	<u>115,468</u>
<b>SHAREHOLDER'S FUNDS</b>	10	<u>110,569</u>	<u>115,468</u>

These financial statements for Graham Packaging European Services Limited, registered company number 4346520, were approved by the Board of Directors on *4/Jan/2010*

Signed on behalf of the Board of Directors

*F Afarian*  
F Afarian  
Director



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2009**

**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 years, are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Going concern**

The company's business activities relate to its agreement to provide employee services to other group companies.

The company's working capital requirements are financed by positive cash balances and intercompany trading balances. The agreement to provide employee services is such that its day-to-day expenses are met through recharges to other group companies.

The company's forecasts and projections prepared for a period of 12 months from the date of this report, taking account of reasonably possible changes in trading performance arising out of uncertainties in the current economic conditions, show that the company should be able to operate within its current working capital arrangements.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**Turnover**

Turnover represents amounts receivable for goods and services, net of VAT and trade discounts, and is recognised at the point at which the service is provided.

**Taxation**

Current tax, including UK corporation tax and foreign 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.

**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.

**Pensions**

The company contributes towards employees' private pensions. All payments are in respect of defined contribution schemes and are charged to the profit and loss account in the period to which they relate.

# GRAHAM PACKAGING EUROPEAN SERVICES LIMITED

## NOTES TO THE ACCOUNTS (continued) Year ended 31 December 2009

### 2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors are remunerated by other group companies (2008 same)

	2009 £	2008 £
<b>Employee costs during the year.</b>		
Wages and salaries	322,615	315,508
Social security costs	39,870	39,417
Pension costs	24,591	24,188
	<u>387,076</u>	<u>379,113</u>
<b>Average number of employees (including directors):</b>	<b>2009 No</b>	<b>2008 No</b>
Consultancy	<u>9</u>	<u>9</u>

### 3. TURNOVER

	2009 £	2008 £
<b>Geographical analysis of turnover by destination:</b>		
Europe	705,111	614,038
USA	23,029	140,346
South America	46,274	-
	<u>774,414</u>	<u>754,384</u>

All turnover is derived from the principal activity of the business

### 4. OPERATING (LOSS)/PROFIT

	2009 £	2008 £
Operating (loss)/profit is stated after charging		
Auditors remuneration		
- audit of the company's annual financial statements	7,000	7,000
- tax compliance services	2,800	1,600
- tax advisory services	600	-
	<u>10,400</u>	<u>8,600</u>

### 5. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2009 £	2008 £
<b>Corporation tax</b>		
Current tax (credit)/charge	(2,158)	10,315
Adjustments in respect of prior periods	-	250
	<u>(2,158)</u>	<u>10,565</u>
<b>Total current tax (credit)/charge</b>		
	<u>(2,158)</u>	<u>10,565</u>

# GRAHAM PACKAGING EUROPEAN SERVICES LIMITED

## NOTES TO THE ACCOUNTS (continued) Year ended 31 December 2009

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

#### Factors affecting tax charge for the current year

The tax assessed for the year is different than that resulting from applying the standard rate of corporation tax in the UK 28% (2008 28%) The differences are explained below

	2009 %	2008 %
Standard tax rate for year as a percentage of (losses)/profits	(28)	28
Effect of		
Movement in short term timing differences	(1)	(1)
Utilisation of tax losses	(1)	-
Effects of other tax rates	(1)	-
Adjustment in respect of prior periods	-	1
	<u>(31)</u>	<u>28</u>
Current tax rate for year as a percentage of (losses)/profits	<u>(31)</u>	<u>28</u>

#### Factors that may affect the future tax charge

A deferred tax asset of £nil (2008 £nil) in relation to short-term timing differences has been recognised A deferred tax asset was not recognised in relation to the following as there was insufficient evidence that the asset will be recovered

	2009 £	2008 £
Losses	-	41
Short-term timing differences	-	104
	<u>-</u>	<u>145</u>

### 6 DEBTORS

	2009 £	2008 £
Amounts falling due within one year		
Amounts owed by fellow subsidiary undertakings	179,648	173,433
Other debtors	8,986	12,375
Prepayments	13,317	14,365
Corporation tax receivable	2,158	10,766
	<u>204,109</u>	<u>210,939</u>

### 7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Trade creditors	17,715	24,467
Other taxation and social security	9,109	10,010
Accruals	93,533	74,376
	<u>120,357</u>	<u>108,853</u>

# GRAHAM PACKAGING EUROPEAN SERVICES LIMITED

## NOTES TO THE ACCOUNTS (continued) Year ended 31 December 2009

### 8 CALLED-UP SHARE CAPITAL

	2009 £	2008 £
<b>Authorised</b>		
100 ordinary shares of £1	100	100
<b>Called-up, allotted and fully paid</b>		
1 ordinary share of £1	1	1

### 9. RESERVES

	Profit and loss account £
At 1 January 2009	115,467
Loss for the financial year	(4,899)
At 31 December 2009	110,568

### 10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
(Loss)/profit for the financial year	(4,899)	26,893
Net (reduction)/addition to shareholders' funds	(4,899)	26,893
Opening shareholders' funds	115,468	88,575
Closing shareholders' funds	110,569	115,468

### 11. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard 8 not to disclose transactions with entities that are part of the same group

### 12. ULTIMATE CONTROLLING PARTY

The immediate parent company is Graham Packaging Company L P , which is incorporated in the US

The ultimate controlling party is Blackstone Capital Partners III Merchant Bank Fund L P , which is incorporated in the US

The parent company into which these accounts are consolidated is Graham Packaging Holding Co L P , which is also incorporated in the US The Graham Packaging Holding Co L P financial statements are publicly available from the Securities and Exchange Commission website at [www.sec.gov](http://www.sec.gov)