

Bemis Packaging UK Limited
Annual report
for the year ended 31 December 2004

Registered Number 949464



Bemis Packaging UK Limited
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for the year ended 31 December 2004
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Bemis Packaging UK Limited

Directors and advisors for the year ended 31 December 2004

Directors

M Dussart

Secretary

J Belsack

Auditors

PricewaterhouseCoopers LLP
Queen Victoria House
Guildhall Road
Hull
HU1 1HH

Bankers

HSBC Bank plc
City of London
Corporate Office
27-32 Poultry
London
EC2P 2BX

Registered office

The Flarepath
Elsham Wold Industrial Estate
Brigg
North Lincolnshire
DN20 0SP

Bemis Packaging UK Limited

Directors' report for the year ended 31 December 2004

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activities

The company's principal activity is the sale of food packaging products in the United Kingdom, which are supplied by fellow subsidiaries in Europe.

Review of business and future developments

The turnover for the year has increased by 4% to £17,389,269 (2003: £16,665,753) principally due to an improvement in the market. However, due to the higher cost of raw material purchases and one off relocation expenses incurred in moving to the site of a fellow subsidiary undertaking, the company made an operating loss for the year of £686,587 (2003: £206,006 loss).

Our aim is to remain a leading supplier of flexible films in the food industry.

Dividends

The directors do not recommend the payment of a dividend (2003: £Nil).

Directors

The directors who held office in the year are set out on page 1.

Directors' interests

The directors have no interests in the shares of the company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed.

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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board


J Belsack
Company secretary

8 August 2005

Bemis Packaging UK Limited

Independent auditors' report to the members of Bemis Packaging UK Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view 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 the financial statements, if 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 transactions is not disclosed.

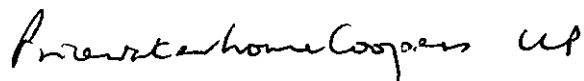
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Hull

8 August 2005

Bemis Packaging UK Limited

Profit and loss account for the year ended 31 December 2004

	Note	2004 £	2003 £
Turnover	2	17,389,269	16,665,753
Net operating expenses	3	(18,075,856)	(16,871,759)
Operating loss	4	(686,587)	(206,006)
Interest receivable		34,007	30,191
Interest payable and similar charges	7	(2,434)	(2,242)
Loss on ordinary activities before taxation		(655,014)	(178,057)
Tax on loss on ordinary activities	8	-	54,835
Loss on ordinary activities after taxation and loss for the financial year	15, 16	(655,014)	(123,222)
Retained loss brought forward	15	(298,097)	(174,875)
Loss carried forward	15	(953,111)	(298,097)

All of the above results arise from continuing operations throughout the year.

The company has no recognised gains and losses other than those included in the loss above, and therefore no separate statement of total recognised gains and losses has been presented.

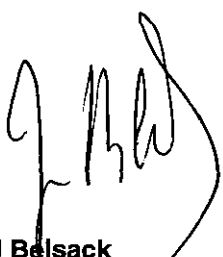
There is no difference between the loss on ordinary activities for the year and the historical cost equivalents.

Bemis Packaging UK Limited

Balance sheet as at 31 December 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	9	11,765	37,966
Current assets			
Stock	10	2,123,043	2,264,841
Debtors	11	3,586,537	3,614,207
Cash at bank and in hand		1,267,828	433,482
		6,977,408	6,312,530
Creditors: amounts falling due within one year	12	(6,039,774)	(4,746,083)
Net current assets		937,634	1,566,447
Net assets		949,399	1,604,413
Capital and reserves			
Called up share capital	14	1,902,510	1,902,510
Profit and loss account	15	(953,111)	(298,097)
Equity shareholders' funds	16	949,399	1,604,413

The financial statements on pages 4 to 13 were approved by the board of directors on 8 August 2005 and were signed on its behalf by:


J Belsack
 Company Secretary

Bemis Packaging UK Limited

Notes to the financial statements for the year ended 31 December 2004

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been reviewed by the Board of Directors in accordance with Financial Reporting Standard ('FRS') 18, "Accounting policies", and have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Computer equipment	20%
Motor vehicles	20%
Office equipment	20%

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete and defective stocks.

Turnover

Turnover, which excludes value added tax and trade discounts, is recognised on an accruals basis and represents the invoiced value of goods and services supplied.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences which are expected to reverse in the future. Deferred tax assets that arise as a result of timing differences are recognised when their future recovery is assessed as being more likely than not. Provision is made at the rate of tax which is expected to be applied when the liability or asset is expected to crystallise. Deferred tax assets and liabilities are not subject to discounting.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies have been translated into sterling at the rates of exchange ruling at the balance sheet date. Other transactions have been translated at the rates of exchange ruling at the time of the transaction. The resulting gains and losses on the translation of foreign currencies have been dealt with in the profit and loss account in the year in which they arose.

Pension contributions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions under the company's defined contribution pension scheme are charged to the profit and loss account as incurred. The company provides no other post retirement benefits to its employees.

Bemis Packaging UK Limited

1 Principal accounting policies (continued)

Cash flow statement

As Bemis Packaging UK Limited is a wholly owned subsidiary, and the consolidated financial statements of the ultimate parent company, Bemis Company Inc., are publicly available, advantage has been taken of the exemption available under FRS 1 (revised), "Cash flow statements", from the presentation of a cash flow statement.

2 Turnover

	2004 £	2003 £
Turnover by geographical destination		
UK	15,586,335	15,400,656
Europe & Other	1,802,934	1,265,097
	17,389,269	16,665,753

3 Net operating expenses

	2004 £	2003 £
Decrease / (Increase) in stock of finished goods	140,872	(576,997)
Other external charges - purchase of finished goods	16,901,129	16,459,717
Staff costs:		
- wages and salaries	511,021	456,052
- social security costs	47,442	42,139
- other pension costs	30,770	30,536
Depreciation of tangible fixed assets	20,933	23,668
(Gain)/loss on disposal of tangible fixed assets	(10,710)	4,757
Other operating charges	434,399	431,887
	18,075,856	16,871,759

Bemis Packaging UK Limited

4 Operating loss

	2004 £	2003 £
Operating loss is stated after charging/(crediting):		
Operating lease rentals - land and buildings	24,166	28,500
- other	41,042	42,536
(Gain)/loss on foreign exchange	(3,628)	(4,612)
Auditors' remuneration - audit services	14,000	13,500
- non-audit services	2,425	3,500
Relocation costs (including redundancy payments)	89,961	-

5 Directors' emoluments

	2004 £	2003 £
Aggregate emoluments	-	-

No amounts are paid into a pension scheme on behalf of the director of the company.

6 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2004 Number	2003 Number
By activity:		
Selling and distribution	8	7
Administration	6	9
	14	16

7 Interest payable and similar charges

	2004 £	2003 £
Interest payable on bank overdraft	2,434	2,242
	2,434	2,242

Bemis Packaging UK Limited

8 Tax on loss on ordinary activities

	2004 £	2003 £
Current tax:		
United Kingdom corporation tax at 30% (2003: 30%)	-	-
(Over)/under provision in respect of prior years	-	(54,835)
Total current tax	-	(54,835)

The tax for the year is different from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £	2003 £
Loss on ordinary activities before tax	(655,014)	(178,057)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003: 30%)	(196,504)	(53,417)
Effects of:		
Expenses not deductible for tax purposes	10,681	11,143
Difference between capital allowances and depreciation	2,238	(2,028)
Group relief surrendered not paid	183,585	44,302
Adjustments to tax in respect of previous years	-	(54,835)
Current tax credit for the period	-	(54,835)

Bemis Packaging UK Limited

9 Tangible fixed assets

	Computer equipment £	Motor vehicles £	Office equipment £	Total £
Cost				
At 1 January 2004	64,161	19,271	24,043	107,475
Additions	8,335	-	-	8,335
Disposals	(15,104)	(19,271)	(22,034)	(56,409)
At 31 December 2004	57,392	-	2,009	59,401
Depreciation				
At 1 January 2004	48,705	12,526	8,278	69,509
Charge for the year	12,142	3,854	4,937	20,933
Eliminated in respect of disposals	(14,919)	(16,380)	(11,507)	(42,806)
At 31 December 2004	45,928	-	1,708	47,636
Net book value				
At 31 December 2004	11,465	-	301	11,765
At 31 December 2003	15,456	6,745	15,765	37,966

10 Stock

	2004 £	2003 £
Finished goods purchased for resale	2,123,043	2,264,841

11 Debtors

	2004 £	2003 £
Amounts falling due within one year:		
Trade debtors	3,556,783	3,498,460
Corporation tax recoverable	-	84,830
Other debtors	678	679
Prepayments and accrued income	29,076	30,238
	3,586,537	3,614,207

Bemis Packaging UK Limited

12 Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	270,112	174,110
Amounts due to fellow subsidiary undertakings	5,164,218	3,836,626
Other taxation and social security	385,233	497,625
Accruals and deferred income	220,211	237,722
	6,039,774	4,746,083

13 Deferred taxation

At 31 December 2004, the company had potential deferred tax assets as follows:

	Amounts recognised 2004 £	Amounts not recognised 2004 £	Amounts recognised 2003 £	Amounts not recognised 2003 £
Difference between capital allowances and depreciation	-	9,824	-	7,782
Losses carried forward	-	-	-	-
	-	9,824	-	7,782

Deferred tax has been calculated at 30% (2003: 30%), the standard rate of corporation tax in the UK at which any potential asset is likely to crystallise. The deferred tax asset as at 31 December 2004 of £9,824 (2003: £7,782) has not been recognised due to the uncertainty of future profits against which it can be offset.

14 Called up share capital

	2004 £	2003 £
Authorised		
2,000,000 (2003: 2,000,000) ordinary shares of £1 each	2,000,000	2,000,000
Allotted, called up and fully paid		
1,902,510 (2003: 1,902,510) ordinary shares of £1 each	1,902,510	1,902,510

Bemis Packaging UK Limited

15 Profit and loss account

	£
At 1 January 2004	(298,097)
Loss for the financial year	(655,014)
At 31 December 2004	(953,111)

16 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Opening shareholders' funds	1,604,413	1,727,635
Loss for the financial year	(655,014)	(123,222)
Closing shareholders' funds	949,399	1,604,413

17 Pension obligations

The company operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the company to the fund. The pension charge for the year was £30,770 (2003: £30,536).

Included within accruals is £Nil (2003: £Nil) which represents pension contributions outstanding at 31 December 2004.

18 Financial commitments

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2004 £	2003 £	2004 £	2003 £
Leases expiring:				
Within one year	-	23,750	13,475	10,967
Within two to five years	-	-	32,094	25,587
	-	23,750	45,569	36,554

Bemis Packaging UK Limited

19 Related party transactions

As the company is a wholly owned subsidiary, and the consolidated financial statements of the ultimate parent undertaking are publicly available, the company has taken advantage of the exemption available under FRS 8, "Related Party Disclosures", not to disclose transactions with other members of the Bemis Company Inc. group.

20 Immediate and ultimate parent undertaking

The ultimate controlling party, which is also the parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member, is Bemis Company Inc., incorporated in the United States of America. Copies of the accounts can be obtained from Bemis Company Inc. as follows:

Bemis Company Inc.
222 South Ninth Street
Minneapolis
Minnesota 55402
USA



BEMIS EUROPE
Flexible Packaging

Bemis Packaging UK Ltd

The Flarepath
Elsham Wold Industrial Estate
Brigg
North Lincolnshire
DN20 0SP
Tel : +44 1652 681 640
Fax : +44 1652 681 641

PricewaterhouseCoopers LLP
Queen Victoria House
Guildhall Road
Hull
HU1 1HH

25th July 2005

Dear Sirs,

This representation letter is provided in connection with your audit of the financial statements of Bemis Packaging UK Limited for the year ended 31 December 2004 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its loss for the year then ended in accordance with the Companies Act 1985.

We acknowledge as directors our responsibilities under the Companies Act 1985 for preparing financial statements which give a true and fair view and for making accurate representations to you.

We confirm that the following representations are made on the basis of enquiries of management and staff of the company with relevant knowledge and experience sufficient to satisfy ourselves that we can properly make each of the following representations to you.

We confirm, to the best of our knowledge and belief and having made the appropriate enquiries, the following representations:

Accounting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken have been properly reflected and recorded in the accounting records. All other records and related information which might affect the truth and fairness of, or necessary disclosure in, the financial statements, including minutes of directors', shareholders' and relevant management meetings, have been made available to you and no such information has been withheld.

Accounting policies

We confirm that we have reviewed the company's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of the financial statements are the most appropriate to give a true and fair view for the company's particular circumstances, as required by FRS 18.

Related parties

We confirm that the ultimate controlling party of the company is Bemis Company Inc, that we have disclosed all related party transactions relevant to the company and that we are not aware of any other such matters required to be disclosed in the financial statements whether under FRS 8 or other requirements, for example, the Companies Act 1985.

Contractual arrangements/agreements

All contractual arrangements entered into by the company with third parties have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you.

Laws and regulations

We are not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations that are central to the company's ability to conduct its business or that could have a material effect on the financial statements.

We are not aware of any irregularities, or allegations of irregularities, involving management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the financial statements.

Fraud

We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud.

We have disclosed to you:

- i) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud
- ii) our knowledge of fraud or suspected fraud affecting the company involving:
 - Management
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements;
- iii) our knowledge of any allegations of fraud, or suspected fraud, affecting the company's financial statements communicated by employees, former employees, analysts, regulators or others.

Taxation

We confirm that we have complied with the requirements of United Kingdom Corporation Tax Self Assessment particularly as regards the following:

(a) Transfer pricing

Where transactions¹ have taken place with related parties on terms which are other than at arms length, we confirm that steps have been taken to quantify and account for the United Kingdom² tax consequences.

(b) Controlled Foreign Companies

Details of all companies not incorporated in and managed and controlled outside the United Kingdom have been made available to you. Tax has been provided on all profits of such companies not exempt from taxation under the Controlled Foreign Companies legislation and in quantifying those profits, full regard has been had to transfer pricing (see paragraph (a) above).

Subsequent events

There have been no circumstances or events subsequent to the period end which require adjustment of or disclosure in the financial statements or in the notes thereto.

Yours faithfully



Jan Belsack

For and on behalf of Bemis Packaging UK Limited

[Date]

July 25, 2005

¹ Transactions may include those not recorded in the accounting records such as the free use of company property tangible or intangible.

² Most transactions between related parties which are companies incorporated in the United Kingdom will be outside the scope of a UK transfer pricing adjustment.