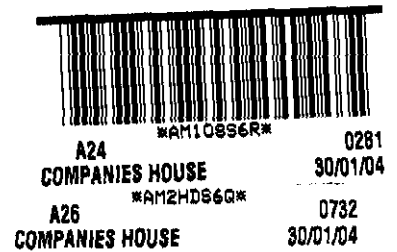


MONDI PAPER LIMITED

Report and Financial Statements

31 December 2002

Deloitte & Touche LLP
Nottingham



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**Report and Financial Statements
31 December 2002****OFFICERS AND PROFESSIONAL ADVISERS****DIRECTORS**

Z Prokopowicz
F T Allan
J Usher
PJ Oswald
LE Pellizzarro
C Cole
R Simpson

SECRETARY

FT Allan

REGISTERED OFFICE

2 Franks Road
Bardon Hill
Coalville
Leicestershire
LE67 1TT

AUDITORS

Deloitte & Touche LLP
Nottingham

DIRECTORS' REPORT
31 December 2002

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

ACTIVITIES

The company manufactures paper primarily for the converting trades.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company had a successful year, with increased supply to plants in the wider Mondi Packaging UK group, and improved efficiencies.

The directors are optimistic about the future prospects for the business.

DIVIDENDS AND TRANSFERS TO RESERVES

The retained profit for the year of £750,124 (period ended 31 December 2001 £2,928,438) has been transferred to reserves.

The directors do not recommend the payment of a dividend (2001:£Nil).

POST BALANCE SHEET EVENTS

On 17 March 2003 the company sold its subsidiary undertaking, Trentside Recycling Limited.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

GD King	(resigned 2 September 2002)
Z Prokopowicz	(appointed 1 October 2002)
F T Allan	
PJ Oswald	
J Usher	
LE Pellizzarro	
R Simpson	
C Cole	

No contract or arrangement has been entered into at any time during the year or subsisted at the year-end in which a director had a material interest, which was significant in relation to the Group's business.

There are no share interests requiring disclosure in accordance with the provisions of the Companies Act 1985.

DIRECTORS' REPORT
31 December 2002**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

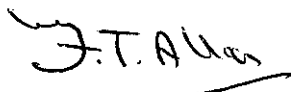
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989.

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



F T Allan
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONDI PAPER LIMITED

We have audited the financial statements of Mondi Paper Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, note of historical cost profits and losses and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 as at 31 December 2002 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and
Registered Auditors

Nottingham

29 January 2004

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2002

	Note	Year ended 31 December 2002 £	8 months ended 31 December 2001 £
TURNOVER	2	32,835,832	22,804,117
Cost of sales		(28,068,238)	(17,644,899)
Gross profit		4,767,594	5,159,218
Distribution costs		(2,306,630)	(1,620,226)
Administrative expenses		(1,547,267)	(705,529)
OPERATING PROFIT	4	913,697	2,833,463
Interest payable and similar charges		(312,573)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		601,124	2,833,463
Tax on profit on ordinary activities	5	149,000	94,975
RETAINED PROFIT FOR THE FINANCIAL PERIOD	14	750,124	2,928,438

All the activities relate to continuing activities. There were no recognised gains or losses other than the profit for the current year and prior period.

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 31 December 2002

	Year ended 31 December 2002 £	8 months ended 31 December 2001 £
Reported profit on ordinary activities before taxation	601,124	2,833,463
Difference between historical cost depreciation and actual depreciation charge for the period calculated on the revalued amount.	33,637	22,425
Historical cost profit on ordinary activities before taxation	634,761	2,855,888
Historical cost profit retained for the period after taxation and dividends	783,761	2,760,913

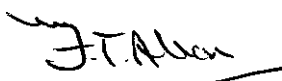
BALANCE SHEET

31 December 2002

	Note	£	2002 £	£	2001 £
FIXED ASSETS					
Tangible assets	6		17,866,784		19,001,617
Investments in subsidiary	7		-		-
			<u>17,866,784</u>		<u>19,001,617</u>
CURRENT ASSETS					
Stocks	8	2,464,080		3,586,742	
Debtors due within one year	9	11,863,008		8,290,738	
Debtors due after more than one year	9	7,864,182		963,839	
Cash at bank and in hand		3,366,365		8,020,074	
			<u>25,557,635</u>	<u>20,861,393</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(5,912,591)		(5,681,293)	
NET CURRENT ASSETS			<u>19,645,044</u>		<u>15,180,100</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			37,511,828		34,181,717
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11		(15,902,629)		(16,173,642)
PROVISIONS FOR LIABILITIES AND CHARGES	12		(5,552,598)		(2,701,598)
NET ASSETS			<u>16,056,601</u>		<u>15,306,477</u>
CAPITAL AND RESERVES					
Called up share capital	13		11,759,000		11,759,000
Revaluation reserve	14		1,241,296		1,274,933
Profit and loss account	14		3,056,305		2,272,544
TOTAL EQUITY SHAREHOLDERS' FUNDS	15		<u>16,056,601</u>		<u>15,306,477</u>

These financial statements were approved by the Board of Directors on: 28 January 2003.

Signed on behalf of the Board of Directors



FT Allan
Director

NOTES TO THE ACCOUNTS
For the year ended 31 December 2002**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold and leasehold properties.

Cashflow statement

The company is exempt from preparing a cashflow statement on the basis that a consolidated cashflow statement which includes the company is presented in the financial statements of the ultimate parent undertaking, Anglo American plc.

Tangible fixed assets

Depreciation is not provided on freehold land or assets under construction.

Depreciation on other assets is provided on cost or revalued amount in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings	2.5% per annum
Leasehold property	period of the lease
Plant and machinery	5-50% per annum
Fixtures and fittings	10-25% per annum

The transitional arrangements of FRS 15 are being adopted in the case of assets included within Land and Buildings. The company is not continuing the revaluation policy relating to these assets.

Stocks

Stocks and work-in-progress, are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in period different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Operating lease rentals are charged to income in equal amounts over the lease term.

Pension costs

The expected cost of providing pensions as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2002

1. ACCOUNTING POLICIES (continued)

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax profit is attributable to one activity, the manufacture of paper.

	Year ended 31 December 2002 £	8 months ended 31 December 2001 £
With third parties	17,859,007	12,994,117
Within the group	14,976,825	9,810,000
	<u>32,835,832</u>	<u>22,804,117</u>
Geographical analysis of turnover		
United Kingdom	29,971,963	21,322,561
Other European Countries	2,863,869	1,481,556
	<u>32,835,832</u>	<u>22,804,117</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 31 December 2002 £	8 months ended 31 December 2001 £
Emoluments (excluding pension contributions and awards under share option schemes and other long term incentive schemes)	<u>154,793</u>	<u>103,200</u>
	No.	No.
Number of directors who are members of a defined benefit pension scheme	<u>2</u>	<u>2</u>

NOTES TO THE ACCOUNTS
For the year ended 31 December 2002

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	Year ended 31 December 2002 No	8 months ended 31 December 2001 No
Average number of persons employed		
Production	168	168
Sales and distribution	11	11
Administration	18	17
	<u>197</u>	<u>196</u>
Staff costs during the period (including directors)		
Wages and salaries	4,860,752	3,136,419
Social security costs	321,674	256,035
Pension costs	187,974	131,113
	<u>5,370,400</u>	<u>3,523,567</u>

4. OPERATING PROFIT

	Year ended 31 December 2002 £	8 months ended 31 December 2001 £
Operating Profit is after charging		
Depreciation	2,210,422	1,434,451
Rentals under operating leases:		
Plant & machinery	197,525	60,470
Auditors' remuneration – audit services	3,000	24,000
Loss on disposal of fixed assets	-	45,346
	<u></u>	<u></u>

NOTES TO THE ACCOUNTS
For the year ended 31 December 2002

5. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 December 2002 £	8 months ended 31 December 2001 £
a) Analysis of (credit)/charged in the year		
Current tax		
United Kingdom corporation tax at 30%	-	(7,321)
Total current tax	-	(7,321)
Deferred tax		
Credit for timing differences arising in the year	(149,000)	(88,246)
Adjustments in respect of prior years	-	592
Total deferred tax credit	(149,000)	(87,654)
Tax credit on profit on ordinary activities	(149,000)	(94,975)

b) Factors affecting the tax charge for the year

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2001: 30%).
The actual tax charge for the current and previous year is lower than the standard rate for the reasons set out in the following reconciliation.

	Year ended 31 December 2002 £	8 months ended 31 December 2001 £
Profit on ordinary activities before tax	601,124	2,833,463
Tax charge on ordinary activities at standard rate	(180,337)	(850,039)
Effects of:		
Disallowable expenses	(7,000)	(18,000)
Capital allowances in excess of depreciation	(151,000)	(97,640)
Group relief not paid for	338,337	973,000
Total current tax credit (note 5a)	-	7,321

NOTES TO THE ACCOUNTS For the year ended 31 December 2002

6. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Assets under construction £	Total £
Cost or valuation						
At 1 January 2002	3,110,853	4,030,998	28,599,994	860,516	148,304	36,750,665
Additions	-	-	581,365	479,724	14,500	1,075,589
Transfers	-	-	148,304	-	(148,304)	-
At 31 December 2002	3,110,853	4,030,998	29,329,663	1,340,240	14,500	37,826,254
At valuation	800,506	692,452	-	-	-	1,492,958
At cost	2,310,347	3,338,546	29,329,663	1,340,240	14,500	36,333,296
	3,110,853	4,030,998	29,329,663	1,340,240	14,500	37,826,254
Accumulated depreciation						
At 1 January 2002	819,878	713,923	15,797,601	417,646	-	17,749,048
Charged during the year	76,899	100,775	1,895,133	137,615	-	2,210,422
At 31 December 2002	896,777	814,698	17,692,734	555,261	-	19,959,470
Net book value						
At 31 December 2002	2,214,076	3,216,300	11,636,929	784,979	14,500	17,866,784
At 31 December 2001	2,290,975	3,317,075	12,802,393	442,870	148,304	19,001,617

Comparable amounts determined according to historical cost convention

	Freehold land and buildings £	Leasehold land and buildings £
Cost	2,310,347	3,338,546
Accumulated depreciation	(741,844)	(717,969)
Net book value		
At 31 December 2002	1,568,503	2,620,577
At 31 December 2001	1,668,640	2,749,289

A freehold building is held at valuation. A full valuation was performed in 1994 on the basis of existing use value by the directors of the company at that time. This valuation was incorporated in the company at that time. The valuation has been incorporated in the balance sheet and the surplus over net book value has been added to the revaluation reserve.

Included within plant and machinery are fully depreciated assets which cost £4,543,093 (2001 £4,323,902) and are still in use.

NOTES TO THE ACCOUNTS For the year ended 31 December 2002

7. INVESTMENTS

	Shares in subsidiary undertaking £
Cost	
At 1 January 2002 and 31 December 2002	1,624,633
Provisions	
At 1 January 2002 and 31 December 2002	1,624,633
Net book value	
At 1 January 2002 and 31 December 2002	-

Group accounts have not been prepared as Mondi Paper Limited is itself a wholly owned subsidiary. The investment is in a wholly owned subsidiary, Trentside Recycling Limited, a waste paper merchant incorporated in England and Wales. On 17 March 2003 the company disposed of 100% of the share capital in Trentside Recycling Limited.

8. STOCKS

	2002 £	2001 £
Raw materials and consumables	502,459	2,396,328
Work in progress	3,932	-
Finished goods and goods for resale	1,957,689	1,190,414
	<u>2,464,080</u>	<u>3,586,742</u>

9. DEBTORS

	2002 £	2001 £
Debtors due within one year:		
Trade debtors	3,780,084	4,414,370
Amounts owed by group undertakings	7,522,044	3,613,000
Prepayments and accrued income	560,880	263,368
	<u>11,863,008</u>	<u>8,290,738</u>
Debtors due after one year:		
Amounts owed by subsidiary undertaking	913,839	963,839
Amounts owed by group undertakings	6,950,343	-
	<u>7,864,182</u>	<u>963,839</u>

NOTES TO THE ACCOUNTS
For the year ended 31 December 2002

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade creditors	2,657,075	2,893,114
Amounts owed to group undertakings	1,151,573	283,000
Other creditors including taxation and social security	444,706	958,949
Accruals and deferred income	1,659,237	1,546,230
	<u>5,912,591</u>	<u>5,681,293</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £	2001 £
Long term loan from parent undertaking	<u>15,902,629</u>	<u>16,173,642</u>

The above loan has no set repayment date and is interest free.

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation £	Environmental Provision £	Total £
Balance at 1 January 2002	2,701,598	-	2,701,598
Profit and loss account credit	(149,000)	-	(149,000)
Created during the year	-	3,000,000	3,000,000
	<u>2,552,598</u>	<u>3,000,000</u>	<u>5,552,598</u>

Deferred taxation

The amounts of deferred tax provided in the accounts are as follows:

	Provided liability 2002 £	2001 £
Accelerated capital allowances	2,571,598	2,718,612
Other timing differences	(19,000)	(17,014)
	<u>2,552,598</u>	<u>2,701,598</u>

NOTES TO THE ACCOUNTS
For the year ended 31 December 2002

12. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

Deferred Tax not provided

The company's freehold property has been revalued in accordance with FRS15, Tangible Fixed Assets. No deferred tax has been provided on the gain arising from the revaluation as such tax would only become payable if the property was sold without roll over relief being obtained. The tax which would be payable in such circumstances is estimated to be £422,844.

A capital gain of £562,492 was realised in a prior accounting period. No deferred tax has been provided on this amount as such tax would only become payable if the replacement asset is sold without roll over relief being obtained. The tax which would be payable in such circumstances is estimated to be £168,748.

Capital losses of £14,500 were realised on a disposal, which was made by the company in the previous period. No deferred tax has been provided on these losses as the tax relief would only become available if an asset were sold by the company without roll over relief being obtained. The tax, which is unprovided on these losses, is estimated to be (£4,350).

The adoption of FRS 19 Deferred tax has not required changes in the method of accounting for deferred tax assets and liabilities because the company provided fully for timing differences.

Environmental Provision

Management has made a provision of £3.0m for eventual environment clean up costs. These costs have been indemnified by another group company. The profit and loss account charge in relation to the clean up costs have been included in the statutory accounts of that group company. The payment dates of total expected future clean up costs are uncertain, but are currently anticipated to be between 2004 and 2008.

13. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised, allotted and fully paid 11,759,000 ordinary shares of £1 each	11,759,000	11,759,000

NOTES TO THE ACCOUNTS
For the year ended 31 December 2002

14. STATEMENT OF MOVEMENT ON RESERVES

	Revaluation Reserve £	Profit and loss account £	Total £
At 1 January 2002	1,274,933	2,272,544	3,547,477
Retained profit for the year	-	750,124	750,124
Amount equivalent to additional depreciation on revalued assets.	(33,637)	33,637	-
At 31 December 2002	<u>1,241,296</u>	<u>3,056,305</u>	<u>4,297,601</u>

15. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year/period and net addition to shareholders' funds	750,124	2,928,438
Opening equity shareholders' funds	<u>15,306,477</u>	<u>12,378,039</u>
Closing equity shareholders' funds	<u>16,056,601</u>	<u>15,306,477</u>

16. PENSION COMMITMENTS

Defined benefit scheme

The group has continued to account for pensions in accordance with SSAP 24.

The company is a member of the Mondi Packaging (GB) pension scheme providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 October 2001. The assumptions which have the most significant effect on the results of the valuation are as follows:

- pensionable salaries will increase by 6% per annum;
- the fund will earn an investment yield of 8% per annum;
- at retirement the trustees will be able to purchase the required pensions at a yield of 6% per annum.

The most recent actuarial valuation showed that the market value of the scheme's assets was £23,700,100, as at 1 October 2001 and that the actuarial value of the assets represented 10% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The charge for the year amounted to £187,974 (2001: £131,113).

Contributions amounting to £27,673 (2001: £86,269) were payable to the fund and are included in creditors.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2002

16. PENSIONS (CONTINUED)

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 31 April 1998 and updated by Hewitt Bacon and Woodrow to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 December 2002. The assets and liabilities are not separately identifiable between the member companies of the scheme, the Company's accounts for its pension contributions to the scheme on a defined contribution bases, as allowed by FRS 17.

The full scheme liability has therefore been disclosed below. Scheme assets are stated at their market value at 31 December 2002. The financial assumptions used to calculate scheme liabilities under FRS 17 are:

Valuation method	2002 Projected Unit	2001 Projected Unit
Discount rate	5.50%	6.00%
Increase in pensionable salaries	3.80%	4.00%
Increase in pensions in payment	2.30%	2.50%
Inflation assumption	2.30%	2.50%

The assets in the scheme and the expected rate of return were:

	Long term expected rate of return	Value at 31 December 2002 £000	Long term expected rate of return	Value at 31 December 2001 £000
Equities	6.6%	18,244	6.9%	22,059
Properties	4.9%	4,146	4.9%	1,590
Fixed Interest Investments	4.6%	903	6.0%	839
Cash	4.6%	1,053	4.9%	3,867
Other	-	-	4.9%	304
Total market value of assets		24,345		28,659
Present value of scheme liabilities		(36,657)		(31,091)
Deficit in the scheme		(12,312)		(2,432)
Deferred tax asset		3,694		730
Pension liability		(8,618)		(1,702)
		2002		2001
		£000		£000
Net assets				
Net assets excluding pension liability		16,057		15,306
Pension liability		(8,618)		(1,702)
Net assets including pension liability		7,439		13,604
Reserves				
Profit and loss reserve excluding pension liability		3,056		2,273
Pension liability		(8,618)		(1,702)
Profit and loss reserve including pension liability		(5,662)		571

NOTES TO THE ACCOUNTS
For the year ended 31 December 2002
16. PENSIONS (Continued)
Analysis of the amount that would be charged to operating profit:

	2002
	£'000
Current service cost	1,095

Analysis of other amounts charged to operating profits:

	2002
	£'000
Loss on curtailments	96

Analysis of the amount that would be credited to other finance income:

	2002
	£'000
Expected return on pension scheme assets	1,897
Interest costs on scheme liabilities	(1,905)
Net return	(8)

Analysis of amount that would be recognised in statement of total recognised gains and losses:

	2002
	£'000
Actual return less expected return on pension scheme assets	7,279
Experience gains and losses arising on the scheme liabilities	(35)
Changes in assumptions underlying the present value of the scheme liabilities	2,391
Actuarial deficit that would be recognised in statement of gains and losses	9,635

Movement in deficit during the year

	2002
	£'000
Deficit in scheme at beginning of the year	(2,432)
Movement in year	
Contributions	954
Current service costs	(1,095)
Other finance income	(8)
Curtailment loss	(96)
Actuarial deficit	(9,635)
Deficit in scheme at end of year	(12,312)

NOTES TO THE ACCOUNTS
For the year ended 31 December 2002

16. PENSIONS (Continued)

History of experience gains and losses	2002 £'000
Difference between the expected and actual return on scheme assets	
Amount (£'000)	(7,279)
Percentage of scheme assets	(29.8%)
Experience gains and losses on scheme liabilities	
Amount (£'000)	35
Percentage of the present value of the scheme liabilities	0.1%
Total amount recognised in statement of total recognised gains and losses	
Amount (£'000)	(9,653)
Percentage of the present value of the scheme liabilities	(26.2%)

17. FINANCIAL COMMITMENTS

	2002 £	2001 £
Capital commitments		
Contracted for but not provided	135,596	103,559
Authorised but not yet contracted for	119,617	85,627

Operating lease commitments

Operating lease payments amounting to £175,160 (2001: £55,603) are due within one year. The leases to which these amounts relate are for plant and machinery as follows:

	2002 £	2001 £
Leases which expire:		
Within one year	18,850	24,543
Within two to five years	114,004	31,060
After more than five years	42,306	-
	175,160	55,603

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions given in FRS8 – Related Party Disclosures in not disclosing transactions with entities that are part of the group or investors of the group qualifying as related parties.

NOTES TO THE ACCOUNTS**For the year ended 31 December 2002****19. POST BALANCE SHEET EVENTS**

On 17 March 2003 the company sold its subsidiary undertaking, Trentside Recycling Limited.

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTIES

The company's ultimate parent undertaking and controlling party is Anglo American plc, a company that is incorporated in England and Wales. Copies of the group financial statements of Anglo American plc are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

Anglo American plc is the only company producing group accounts.

The company's immediate parent undertaking is Mondi Packaging (Delta) Limited.