

MONDI PACKAGING (UK) LIMITED

Report and Financial Statements

31 December 2005



REPORT AND FINANCIAL STATEMENTS 2005

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REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

F T Allan
C Blackford

SECRETARY

F T Allan

REGISTERED OFFICE

2 Franks Road
Bardon Hill
Coalville
Leicestershire
LE67 1TT

AUDITORS

Deloitte & Touche LLP
Nottingham

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

ACTIVITIES

The company's principal activity is the manufacture and sale of packaging products.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

2005 was another difficult year for the industry and the company due to low levels of manufacturing output in the UK.

The short-term outlook is still for low growth requiring continued focus on reducing costs. In the longer term, the business is well placed to continue its growth in the UK packaging industry.

DIVIDENDS AND TRANSFERS TO RESERVES

Details of the results for the year are shown in the profit and loss account on page 6. The directors do not recommend the payment of a dividend (2004: £Nil).

DIRECTORS' INDEMNITIES

The company, via its ultimate parent undertaking, has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The company is exposed to interest rate changes as a result of inter-company financing being held at floating rates.

The company is partially exposed to exchange rate fluctuations in the Euro Zone as a result of holding inter-company balances in foreign currencies.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are listed below:

F T Allan

C Blackford

L Richardson (appointed 24 September 2004, resigned 16 June 2005)

There are no share interests in the company or other group companies requiring disclosure in accordance with the provisions of the Companies Act 1985.

MARKET VALUE OF LAND AND BUILDINGS

In June 1997 the land and buildings were valued by an independent valuer on an existing use basis. The directors are of the opinion that there is no significant difference between the book carrying value of land and buildings and their market value.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political contributions during the year. Donations to UK charities amounted to £2,798 (2004: £11,926)

EMPLOYEE INVOLVEMENT

The company has continued the practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company.

DIRECTORS' REPORT (continued)

DISABLED EMPLOYEES

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is made to retain them in order that their employment with the company may continue.

It is the policy of the company that training, career development and promotion opportunities of disabled persons should be, as far as possible, identical to that of persons who do not suffer from a disability.

DIRECTORS' REPORT (continued)

PAYMENT POLICY AND PRACTICE

It is the company's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of those terms and to abide by them. Trade creditors at the year end amount to 122 days (2004: 114 days) of average supplies for the year.

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 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 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 the company's system of internal financial control and for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 31 May 2006
and signed on behalf of the Board



F T Allan

Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONDI PACKAGING (UK) LIMITED

We have audited the financial statements of Mondi Packaging (UK) Limited for the year ended 31 December 2005 which comprise of the profit and loss account, the balance sheet 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework 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 with the company is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONDI PACKAGING
(UK) LIMITED (Continued)**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

*Chartered Accountants and Registered Auditors
Nottingham, UK*

31 May 2006

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2005

	Note	2005 £'000	2004 £'000
TURNOVER	2	63,605	63,850
Cost of sales		(42,485)	(40,405)
Cost of sales – exceptional	4	-	(1,364)
		<u>(42,485)</u>	<u>(41,769)</u>
GROSS PROFIT		21,120	22,081
Distribution costs		(4,930)	(4,146)
Administrative expenses		<u>(22,052)</u>	<u>(19,459)</u>
OPERATING LOSS	3	(5,862)	(1,524)
Interest receivable and similar income	6	290	532
Interest payable and similar charges	7	<u>(3,474)</u>	<u>(2,884)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(9,046)	(3,876)
Tax on loss on ordinary activities	8	<u>1,827</u>	<u>931</u>
LOSS FOR THE FINANCIAL YEAR	16	(7,219)	(2,945)
Retained loss brought forward		<u>(14,943)</u>	<u>(11,998)</u>
Retained loss carried forward		<u>(22,162)</u>	<u>(14,943)</u>

All the company's operations are continuing operations.

There are no recognised gains and losses for the current and prior year other than those stated above, and accordingly, no statement of total recognised gains and losses is given.

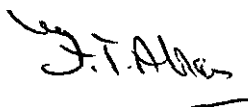
MONDI PACKAGING (UK) LIMITED

BALANCE SHEET
31 December 2005

	Note	2005 £'000	2004 £'000
FIXED ASSETS			
Tangible fixed assets	9	31,110	33,248
CURRENT ASSETS			
Stocks	10	1,726	1,715
Debtors	11	37,187	35,508
Cash at bank and in hand		927	3,463
		<u>39,840</u>	<u>40,686</u>
CREDITORS: Amounts falling due within one year	12	<u>(20,862)</u>	<u>(24,919)</u>
NET CURRENT ASSETS		<u>18,978</u>	<u>15,767</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		50,088	49,015
CREDITORS: Amounts falling due after more than one year	13	(53,054)	(45,473)
PROVISIONS FOR LIABILITIES AND CHARGES	14	<u>(2,196)</u>	<u>(1,485)</u>
NET (LIABILITIES)/ASSETS		<u><u>(5,162)</u></u>	<u><u>2,057</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	17,000	17,000
Profit and loss account		<u>(22,162)</u>	<u>(14,943)</u>
TOTAL EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS	16	<u><u>(5,162)</u></u>	<u><u>2,057</u></u>

These financial statements were approved by the Board of Directors on 31 May 2006

Signed on behalf of the Board of Directors



F T Allan

Director

NOTES TO THE ACCOUNTS

Year ended 31 December 2005

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards.

Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings.

Fixed assets and depreciation

Depreciation is provided to write off the cost or revalued amounts less estimated residual value, in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings	3%
Plant and machinery	5% - 33%

No depreciation is provided on freehold land.

The company's policy is to carry all assets at historic cost, except freehold land and buildings which have been included in the balance sheet at a valuation existing on 31 December 2000 when the company implemented FRS15 for the first time.

Government grants

Grants of a revenue nature are credited to income in the period to which they relate.

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the lease and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account.

Operating lease rentals are charged to the profit and loss in equal annual amounts over the lease term.

Pension costs

Defined contribution pension scheme

The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profit represents the contributions payable to the scheme in respect of the accounting period.

Defined benefit pension scheme

The company has adopted FRS17 Retirement Benefits. However, because the company's share of net assets and liabilities of the scheme cannot be separately identified contributions to the schemes defined benefit scheme are charged to the profit and loss account as they become payable.

NOTES TO THE ACCOUNTS

Year ended 31 December 2005

1. ACCOUNTING POLICIES (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the actual purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

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 periods different from those in which they are included in the 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.

Turnover

Turnover is the total amount receivable by the company for goods supplied as a principal and for services provided, excluding VAT and trade discounts.

2. TURNOVER

Turnover is attributable to the company's principal activity, the manufacture and sale of packaging products carried out in the United Kingdom.

3. OPERATING LOSS

Operating loss is stated after charging/(crediting):	2005 £'000	2004 £'000
Auditors' remuneration		
- Audit	81	49
Redundancy costs	1,353	-
Depreciation and other amounts written off tangible fixed assets:		
- Owned	3,310	2,981
- Leased	501	498
Loss on sale of fixed assets	196	225
Impairment of fixed assets	687	-
Rentals payable under operating leases		
Hire of plant and machinery	233	132
Land and buildings	-	182
Rents receivable from property	(6)	(18)
Amounts written off spares stock	36	1,364

NOTES TO THE ACCOUNTS

Year ended 31 December 2005

4. EXCEPTIONAL CHARGE RESULTING FROM CHANGE IN ESTIMATION METHOD FOR PROVISIONS AGAINST ENGINEERING STOCKS

Following a review of the method for assessing the provisions required against engineering spares, the directors decided in 2004 that additional provisions were required against the cost of such items at the point of purchase. This change was implemented during the year to 31 December 2004 and had the effect of requiring an exceptional write down of inventory held at that time of £1,364,000. Further identical costs in 2005 were identified and as such £36,133 was written off.

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The average number of employees of the company (including directors) during the year analysed by category was as follows:

	2005 No	2004 No
Production	235	256
Sales and administration	159	139
	<u>394</u>	<u>395</u>

The aggregate payroll costs of these persons were as follows:

	2005 £'000	2004 £'000
Wages and salaries	12,255	12,593
Social security costs	1,342	1,407
Other pension costs	2,449	541
	<u>16,046</u>	<u>14,541</u>
Remuneration in respect of directors was as follows:		
Emoluments	311	442
Compensation for loss of office	-	199
Contributions paid to the defined contribution scheme	31	49
	<u>342</u>	<u>690</u>
Remuneration in respect of the highest paid director	228	204
Compensation for loss of office	-	199
Contributions paid to the defined contribution scheme	22	24
	<u>250</u>	<u>427</u>

The number of directors to whom retirement benefits accrued during the year under the company's defined contribution pension scheme in respect of qualifying services as a director of the company was three at commencement and two at year end (2004: 3).

The directors are executives of Mondi Packaging (UK) Limited and also directors of some or all of the following companies; Mondi Board Limited, Atlas Packaging Limited, Mondi Safepack Limited, Mondi Packaging (Delta) Limited, Mondi Packaging (GB) Limited, Mondi Packaging Holcombe Limited, Rochette Packaging Limited and Hypac Limited. The directors received all their emoluments through Mondi Packaging (UK) Limited during the year, as it was not practical to allocate this between their services as executives of Mondi Packaging (UK) Limited and their services as directors of other group companies.

NOTES TO THE ACCOUNTS
Year ended 31 December 2005

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2005 £'000	2004 £'000
On bank loans and overdrafts	165	445
On group company loans	125	87
	<u>290</u>	<u>532</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £'000	2004 £'000
On bank loans and overdrafts wholly repayable within five years	223	291
On group company loans	3,251	2,593
	<u>3,474</u>	<u>2,884</u>

8. TAX ON LOSS ON ORDINARY ACTIVITIES

a) Analysis of tax credit in the year

	2005 £'000	2004 £'000
Current tax		
United Kingdom corporation tax at 30% (2004: 30%) (note 8b)	-	-
Amount receivable for group relief based on the profit for the year at 30%	(1,118)	-
Balancing payment received under transfer pricing regime	(777)	-
Adjustments in respect of prior periods – corporation tax	(643)	-
Adjustment in respect of prior periods Group Relief	-	68
Total current tax (note 8b)	<u>(2,538)</u>	<u>68</u>
Deferred tax		
Credit for timing differences arising in the year	(163)	(899)
Adjustment in respect of prior years	874	(100)
Total deferred tax charge / (credit)	<u>711</u>	<u>(999)</u>
Tax on loss on ordinary activities	<u>(1,827)</u>	<u>(931)</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2005

8. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

b) Factors affecting tax charge for the year

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2004: 30%). The actual tax charge for the current and the previous year is lower than the standard rate for the reasons set out in the following reconciliation.

	2005 £'000	2004 £'000
Loss on ordinary activities before tax	(9,046)	(3,876)
Tax charge on loss on ordinary activities at standard rate	(2,714)	(1,163)
Effects of:		
Disallowable expenses	458	264
Non deductible loan write off	198	-
Capital allowances in excess of depreciation	158	(74)
Movement in general provisions	5	38
Losses carried forward	-	935
Adjustment in respect of prior period	-	68
Group relief not paid for	(643)	-
Total current tax (note 8a)	(2,538)	68

9. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost or valuation			
At 1 January 2005	13,594	50,188	63,782
Additions	-	2,556	2,556
Disposals	(7)	(773)	(780)
At 31 December 2005	13,587	51,971	65,558
Depreciation			
At 1 January 2005	2,793	27,741	30,534
Charge for the year	369	3,442	3,811
Disposals	(4)	(580)	(584)
Impairment	-	687	687
At 31 December 2005	3,158	31,290	34,448
Net book value			
At 31 December 2005	10,429	20,681	31,110
At 31 December 2004	10,801	22,447	33,248

NOTES TO THE ACCOUNTS
Year ended 31 December 2005

9. TANGIBLE FIXED ASSETS (continued)

Land and buildings includes £1,300,000 (2004: £1,300,000) of land which has not been depreciated.

Included within plant and machinery are assets owned under hire purchase with a net book value of £2,301,473 (2004: £2,820,000).

Depreciation for assets held under hire purchase contracts and finance leases amounted to £501,000 (2004: £498,000).

Particulars relating to revalued assets are given below:

	2005 £'000	2004 £'000
Land and buildings		
Historical cost of revalued assets	19,190	19,190
Aggregate depreciation based on historical cost	(7,501)	(6,965)
Historical cost net book value	<u>11,689</u>	<u>12,225</u>

Land and buildings were independently valued as at June 1997 by Jones Lang Wootton, licensed agents and approved valuers, on the basis of existing use. This valuation was used as a reasonable basis when FRS 15 was adopted in 2000, as per the accounting policies (note 1.)

10. STOCKS

	2005 £'000	2004 £'000
Raw materials and consumables	1,291	1,128
Work in progress	38	44
Finished goods and goods for resale	397	543
	<u>1,726</u>	<u>1,715</u>

11. DEBTORS

	2005 £'000	2004 £'000
Trade debtors	11,592	11,692
Amounts owed by parent and fellow subsidiary undertakings	19,561	19,878
Other debtors	1,743	2,579
Group relief	2,538	-
Prepayments and accrued income	1,753	1,359
	<u>37,187</u>	<u>35,508</u>

Included within group amounts owed by parent and subsidiary debtors is an amount of £2,942,000 (2004: £2,064,000) due over 1 year.

NOTES TO THE ACCOUNTS
Year ended 31 December 2005

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£'000	£'000
Trade creditors	7,370	12,935
Amounts owed to group undertakings (with no specific date for repayment)	4,978	2,903
Group relief payable	-	68
Taxation and social security	967	1,181
Other creditors	2,902	4,125
Accruals and deferred income	4,645	3,707
	<u>20,862</u>	<u>24,919</u>

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

	2005	2004
	£'000	£'000
Amounts owed to group undertakings	<u>53,054</u>	<u>45,473</u>

Intercompany loan

The loan has no fixed date for repayment and interest is charged at a rate equivalent to LIBOR. The loan is unsecured.

14. PROVISIONS FOR LIABILITIES AND CHARGES

The movements on the deferred tax provision for the company are set out below:

	2005
	£'000
At 1 January 2005	1,485
Credit for the year	(163)
Adjustment in respect of prior periods	874
At 31 December 2005	<u>2,196</u>

The amounts provided for deferred taxation are set out below:

	2005	2004
	£'000	£'000
Difference between accumulated depreciation and amortisation and capital allowances	3,645	3,736
Other timing differences	(127)	(250)
Losses	(1,322)	(2,001)
	<u>2,196</u>	<u>1,485</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2005

15. CALLED UP SHARE CAPITAL

	2005 £'000	2004 £'000
Authorised		
20,000,000 ordinary shares of £1 each	20,000	20,000
Allotted, called up and fully paid		
17,000,000 ordinary shares of £1 each	17,000	17,000

16. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' (DEFICIT)/ FUNDS

	2005 £'000	2004 £'000
Opening shareholders' funds	2,057	5,002
Loss for the financial year	(7,219)	(2,945)
Closing equity shareholders' (deficit)/ funds	(5,162)	2,057

17. COMMITMENTS

(a) Capital commitments. The company had capital commitments contracted for but not provided of £nil at 31 December 2005 (31 December 2004: £nil)

(b) Annual commitments under non-cancellable operating leases are as follows:

	2005		2004	
	Land and buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Within one year	-	86	22	17
Within one to two years	-	69	196	17
Within two to five years	-	53	138	45
	-	208	356	79

NOTES TO THE ACCOUNTS
Year ended 31 December 2005

18. PENSION SCHEME

Defined contribution scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £465,932 (2004: £484,000). There were no accrued pension contributions at the end of the year (2004: £44,000).

Defined benefit scheme

The company is a member of the Willander Holdings Limited Pensions Scheme which is a multi-employer defined benefit scheme for the benefit of the company's and other group companies employees. In the year ended 31 December 2005 the company and other group companies paid contributions of £583,361 (2004: £504,000) to this scheme, being 95% of the total contributions made to the scheme.

The most recent actuarial valuation showed that the value of the scheme assets was £8,607,000 as at 30 September 2005 and that the actuarial value of the assets represented 68% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

Joint contributions of 18% of pensionable pay are paid to the scheme in line with the actuary's funding recommendation.

The scheme closed to future accrual on 1st April 2005.

The group accounts for pensions in accordance with FRS 17 "Retirement Benefits".

NOTES TO THE ACCOUNTS
Year ended 31 December 2005

18. PENSIONS (CONTINUED)

FRS17 Retirement Benefits

The Company has adopted FRS 17 "Retirement Benefits". However, because the Company's share of the net assets and liabilities of the Scheme cannot be separately identified, the Company accounts for its pension contributions to the Scheme on a defined contribution basis, as allowed by FRS 17.

Contributions are paid to the trustees of the Scheme on the basis of advice from an independent professionally qualified actuary who carries out a valuation of the Scheme every three years. A full actuarial valuation of the Scheme was carried out at 30 September 2005 by a qualified actuary.

The FRS17 deficit on the Scheme as a whole and the expected rates of return at 31 December 2005 were:

	2005	2005	2004	2004	2003	2003
	Long term	Value	Long term	Value	Long	Value
	rate of	£'000	rate of	£'000	term rate	£'000
	return		return		of return	
	expected		expected		expected	
Equities		-		-		-
Other	3.5%	8,607	3.8%	7,809	5.0%	7,976
Total market						
value of assets		8,607		7,809		7,976
Present value of						
scheme liabilities		(12,650)		(11,197)		(10,978)
Deficit in scheme		(4,043)		(3,388)		(3,002)

The figures shown above were calculated on the basis of the following assumptions:

	2005	2004	2003
Discount rate	5.00%	5.60%	5.50%
Rate of increase in salaries	4.40%	4.50%	3.80%
Rate of increase in pensions in payment	2.80%	3.00%	3.00%
Inflation assumption	2.90%	3.00%	2.30%

19. RELATED PARTY TRANSACTIONS

As a wholly-owned subsidiary of Anglo American plc, the company is exempt from the requirements of FRS8 to disclose transactions with other members of the group headed by Anglo American plc.

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTIES

The company's ultimate parent undertaking and controlling party is Anglo American plc, a company which is incorporated in the UK. 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 UK Holdings Limited.