

**MONDI PACKAGING (UK) LIMITED**

**Report and Financial Statements**

**31 December 2006**

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**REPORT AND FINANCIAL STATEMENTS 2006**

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**REPORT AND FINANCIAL STATEMENTS 2006**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

F T Allan  
A Schoonbrood

**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 2006

**BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The company's ultimate parent undertaking and controlling party at 31 December 2006 was Anglo American plc, a company which 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

The company's immediate parent undertaking is Mondi Packaging UK Holdings Limited

The company's principal activity is the manufacture and sale of packaging products. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

As shown in the company's profit and loss account the company's sales have increased by 5% over the prior year, but gross profit has fallen back from 33.2% to 31.4%. However effective control of overheads has resulted in a reduction of the loss before tax, despite an increased fixed asset impairment charge this year.

The directors use the following key performance indicators to monitor the performance of the business against prior years and competitors:

	2006	2005
Gross Profit %	31.40%	33.20%
Operating Loss %	-5.0%	-9.20%

**PRINCIPAL RISKS AND UNCERTAINTIES**

Competitive pressure in the UK is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers. The company's credit risk is mainly attributable to trade receivables. The exposure is spread over a large number of customers, which limits exposure, and since the year end the company has put credit insurance in place.

The company is exposed to interest rate changes as a result of financing being held at floating rates. The risk is minimised however due to the fact that all funding is internal with scope for negotiation. From June 2007 the banking is held within a cash pool with the UK having an overall positive cash balance.

The company is partially exposed to exchange rate fluctuations in the Euro Zone as a result of holding inter-company balances in foreign currencies. Foreign currency bank accounts are held within the group to minimise this risk. No derivatives are used.

**ENVIRONMENT**

Mondi Packaging (UK) Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the group's Annual Report which does not form part of this Report. Initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

**DIRECTORS' REPORT (continued)**

**EMPLOYEES**

Details of the number of employees and related costs can be found in note 6

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

**DIVIDENDS AND TRANSFERS TO RESERVES**

Details of the results for the year are shown in the profit and loss account. The directors do not recommend the payment of a dividend (2005 £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.

**DIRECTORS AND THEIR INTERESTS**

The directors who served during the year are listed below:

F T Allan

C Blackford (resigned 30 June 2006)

A Schoonbrood (appointed 30 June 2006)

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 £nil (2005 £2,798).

**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 creditor days for the year were 87 days (2005 122 days)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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.

**AUDIT INFORMATION**

Each of the persons who is a director at the date of approval of this report confirms that

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

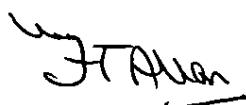
This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

**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 29 October 2007

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 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 22. 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **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 judgments 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 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
Nottingham, UK

Date

*31 October 2007*



**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2006**

	Note	2006 £'000	2005 £'000
<b>TURNOVER</b>	2	66,971	63,605
Cost of sales		(45,961)	(42,485)
<b>GROSS PROFIT</b>		21,010	21,120
Distribution costs		(5,104)	(4,930)
Administrative expenses		(17,915)	
Administrative expenses - impairment of fixed assets		(1,363)	
		(19,278)	(22,052)
<b>OPERATING LOSS</b>	4	(3,372)	(5,862)
Impairment of fixed assets	5	(852)	-
Interest receivable and similar income	7	757	290
Interest payable and similar charges	8	(4,505)	(3,474)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(7,972)	(9,046)
Tax on loss on ordinary activities	9	882	1,827
<b>LOSS FOR THE FINANCIAL YEAR</b>	17,18	(7,090)	(7,219)

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 2006**

	Note	2006 £'000	2005 £'000
<b>FIXED ASSETS</b>			
Tangible fixed assets	10	28,842	31,110
<b>CURRENT ASSETS</b>			
Stocks	11	1,842	1,726
Debtors due within one year	12	34,715	34,245
Debtors due after more than one year	12	11,552	2,942
Cash at bank and in hand		-	927
		<hr/>	<hr/>
		48,109	39,840
<b>CREDITORS: Amounts falling due within one year</b>	13	(19,995)	(20,862)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		28,114	18,978
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		56,956	50,088
<b>CREDITORS: Amounts falling due after more than one year</b>	14	(67,927)	(53,054)
<b>PROVISIONS FOR LIABILITIES</b>	15	(1,182)	(2,196)
		<hr/>	<hr/>
<b>NET (LIABILITIES)</b>		(12,153)	(5,162)
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	17,000	17,000
Profit and loss account	17	(29,153)	(22,162)
		<hr/>	<hr/>
<b>SHAREHOLDERS' (DEFICIT)</b>	18	(12,153)	(5,162)
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 29 October 2007

Signed on behalf of the Board of Directors



F T Allan  
Director

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2006**

**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 adopted FRS17 Retirement Benefits. However, because the company's share of net assets and liabilities of the scheme could not be separately identified, contributions to the schemes defined benefit scheme were charged to the profit and loss account as they become payable. The defined benefit pension scheme was transferred during the year to the Anglo UK pension scheme (see note 20)

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2006**

**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.

**Share-based payments**

The company has adopted the requirements of FRS 20, "Share-based Payments", in relation to share award programmes operated by Anglo American plc. No prior period adjustment has been made in respect of charges relating to previous years as the amount is not material.

**Taxation**

Current UK Corporation tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

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. POST BALANCE SHEET EVENTS**

In March 2007, the UK government announced that they would introduce legislation that would reduce the corporation tax rate to 28% with effect from 1 April 2008. This legislation was substantively enacted on 26 June 2007. When this change is enacted, the deferred tax assets and liabilities, currently stated at 30% of the temporary differences, will be restated at 28% of those amounts. In addition, the effective tax rate for the period to 31 December 2008 is expected to reduce accordingly.

On 3<sup>rd</sup> July 2007 the Mondi group became an independent business with dual listing on the London and Johannesburg stock exchanges.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2006**

**4. OPERATING LOSS**

The operating (loss) is stated after charging	2006 £'000	2005 £'000
Depreciation and other amounts written off tangible fixed assets		
- Owned	2,814	3,310
- Leased	400	501
Auditors' remuneration	64	81
Redundancy costs	706	1,353
Loss on sale of fixed assets	46	196
Impairment of fixed assets	2,215	687
Hire of plant and machinery under operating leases	200	233
Rents receivable from property	(6)	(6)
Amounts written off spare stocks	-	36
	<u>          </u>	<u>          </u>

The analysis of auditors remuneration is as follows

	2006 £'000	2005 £'000
Fees payable to the company's auditors for the audit of the company's annual financial statements	64	81
	<u>          </u>	<u>          </u>
Total audit fees	<u>64</u>	<u>81</u>

There were no non audit fees for the current or prior year

**5. EXCEPTIONAL ITEM**

The company incurred an impairment charge of £852,000 in respect of plant and machinery written down to anticipated sale value after the year end. The attributable tax credit is £255,600.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2006**

**6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

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

	<b>2006</b>	<b>2005</b>
	<b>No</b>	<b>No</b>
Production	235	235
Sales and administration	128	159
	<u>363</u>	<u>394</u>

The aggregate payroll costs of these persons were as follows

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	10,532	12,255
Social security costs	1,185	1,342
Other pension costs	492	2,449
	<u>12,209</u>	<u>16,046</u>

Remuneration in respect of directors was as follows

Emoluments	194	311
Compensation for loss of office	194	-
Contributions paid to the defined contribution scheme	55	31
	<u>443</u>	<u>342</u>

Remuneration in respect of the highest paid director

Compensation for loss of office	194	-
Contributions paid to the defined contribution scheme	13	22
	<u>207</u>	<u>22</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 two at commencement and one at year end

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

Wages and salary costs include £99,511 in respect of share award programmes of Anglo American plc for awards vested at the balance sheet date. These are dealt with in accordance with FRS 20 as equity settled share-based employee benefits and have been credited to reserves as a capital contribution, as shown in note 17. No prior year adjustment has been made in relation to awards relating to previous years as the amounts involved were not material.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2006**

**7 INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
On bank loans and overdrafts	168	165
On group company loans	589	125
	<u>757</u>	<u>290</u>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
On bank loans and overdrafts wholly repayable within five years	251	223
On group company loans	4,254	3,251
	<u>4,505</u>	<u>3,474</u>

**9 TAX ON LOSS ON ORDINARY ACTIVITIES**

**a) Analysis of tax credit in the year**

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
<b>Current tax</b>		
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	132	-
<b>Total current tax (note 9b)</b>	<u>132</u>	<u>(2,538)</u>
<b>Deferred tax</b>		
Credit for timing differences arising in the year	(1,079)	(163)
Adjustment in respect of prior years	65	874
<b>Total deferred tax (credit) / charge</b>	<u>(1,014)</u>	<u>711</u>
<b>Tax on loss on ordinary activities</b>	<u>(882)</u>	<u>(1,827)</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2006**

**9. 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% (2005 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

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
Loss on ordinary activities before tax	(7,972)	(9,046)
Tax charge on loss on ordinary activities at standard rate	(2,392)	(2,714)
<b>Effects of:</b>		
Disallowable expenses	230	458
Share scheme deduction	(194)	
Non deductible loan write off	-	198
Depreciation in excess of capital allowances	1,365	158
Movement in general provisions	37	5
Utilisation of losses brought forward	(322)	-
Adjustment in respect of prior period	132	-
Adjustment in respect of transfer pricing	1,276	-
Group relief not paid for	-	(643)
<b>Total current tax (note 9a)</b>	<b>132</b>	<b>(2,538)</b>

**10. TANGIBLE FIXED ASSETS**

	<b>Land and buildings £'000</b>	<b>Plant and machinery £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>			
At 1 January 2006	13,587	51,971	65,558
Additions	-	3,238	3,238
Disposals	-	(2,669)	(2,669)
At 31 December 2006	13,587	52,540	66,127
<b>Depreciation</b>			
At 1 January 2006	3,158	31,290	34,448
Charge for the year	365	5,064	5,429
Disposals	-	(2,592)	(2,592)
At 31 December 2006	3,523	33,762	37,285
<b>Net book value</b>			
At 31 December 2006	10,064	18,778	28,842
At 31 December 2005	10,429	20,681	31,110



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2006**

**10. TANGIBLE FIXED ASSETS (continued)**

Land and buildings includes £1,300,000 (2005 £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 £2,046,315 (2005 £2,301,473)

Depreciation includes an impairment charge in respect of plant and machinery of £2,215,000

Depreciation for assets held under hire purchase contracts and finance leases amounted to £400,000 (2005 £501,000)

Particulars relating to revalued assets are given below

	2006 £'000	2005 £'000
<b>Land and buildings</b>		
Historical cost of revalued assets	19,190	19,190
Aggregate depreciation based on historical cost	(8,038)	(7,501)
Historical cost net book value	<u>11,152</u>	<u>11,689</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)

**11. STOCKS**

	2006 £'000	2005 £'000
Raw materials and consumables	1,278	1,291
Work in progress	66	38
Finished goods and goods for resale	498	397
	<u>1,842</u>	<u>1,726</u>

**12. DEBTORS**

	2006 £'000	2005 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	13,661	11,592
Amounts owed by parent and fellow subsidiary undertakings	15,919	16,619
Other debtors	1,433	1,743
Group relief	2,406	2,538
Prepayments and accrued income	1,296	1,753
	<u>34,715</u>	<u>34,245</u>
<b>Amounts falling due after more than one year</b>		
Amounts owed by parent and fellow subsidiary undertakings	11,552	2,942
	<u>46,267</u>	<u>37,187</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2006**

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Overdraft	4,484	-
Trade creditors	6,305	7,370
Amounts owed to group undertakings (with no specific date for repayment)	3,098	4,978
Taxation and social security	2,155	967
Other creditors	-	2,902
Accruals and deferred income	3,953	4,645
	<u>19,995</u>	<u>20,862</u>

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to group undertakings	<u>67,927</u>	<u>53,054</u>

**Intercompany loans**

The loans have no fixed date for repayment and interest is charged at a rate equivalent to LIBOR. The loans are unsecured.

**15. PROVISIONS FOR LIABILITIES**

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

	<b>2006</b>
	<b>£'000</b>
At 1 January 2006	2,196
Credit for the year	(1,079)
Adjustment in respect of prior periods	65
At 31 December 2006	<u>1,182</u>

The amounts provided for deferred taxation are set out below

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Difference between accumulated depreciation and amortisation and capital allowances	2,278	3,645
Other timing differences	(96)	(127)
Losses	(1,000)	(1,322)
	<u>1,182</u>	<u>2,196</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2006**

**16. CALLED UP SHARE CAPITAL**

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
<b>Authorised</b>		
20,000,000 ordinary shares of £1 each	20,000	20,000
<b>Allotted, called up and fully paid</b>		
17,000,000 ordinary shares of £1 each	17,000	17,000

**17. RESERVES**

	<b>Profit and loss</b> <b>Account</b> <b>£'000</b>
At 1 January 2006	(22,162)
Loss for the financial year	(7,090)
Capital contribution from Anglo American plc	99
At 31 December 2006	(29,153)

The capital contribution from Anglo American plc is in respect of share-based payments as detailed in note 6

**18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' (DEFICIT)**

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
Opening shareholders' funds	(5,162)	2,057
Loss for the financial year	(7,090)	(7,219)
Capital contribution from Anglo American plc	99	-
<b>Closing shareholders' (deficit)</b>	<b>(12,153)</b>	<b>(5,162)</b>

The capital contribution from Anglo American plc is in respect of share-based payments as detailed in note 6

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2006**

**19. COMMITMENTS**

(a) Capital commitments The company had capital commitments contracted for but not provided of £nil at 31 December 2006 (31 December 2005 £nil)

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

	2006	2005
	Other £'000	Other £'000
Within one year	93	86
Within one to two years	181	69
Within two to five years	26	117
	<u>300</u>	<u>272</u>

**20. 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 £399,959 (2005 £465,932) There were no accrued pension contributions at the end of the year (2005 £nil)

**Defined benefit scheme**

The Willander Holdings Limited Pensions Scheme was a multi-employer defined benefit scheme for the benefit of some of the company's and other group companies' The company was not the principal employer in relation to the scheme During the year, on 10 April 2006, the assets and liabilities of the scheme were transferred to the Anglo UK Pension Scheme The effect of this transfer is that the company has no further liability for contributions and has no interest in the assets or liabilities of the Anglo UK Pension Scheme present or future Working members of the defined benefit scheme have opted to become members of the defined contribution pension scheme noted above The principal employer of the merged scheme is Anglo American Services (UK) Limited

The following details are solely to report the comparative year scenario

In the year ended 31 December 2005 the company and other group companies paid contributions of £583,361 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 1<sup>st</sup> April 2005

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

## NOTES TO THE ACCOUNTS

### Year ended 31 December 2006

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

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

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

#### 21. RELATED PARTY TRANSACTIONS

As it was 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.

#### 22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTIES

At 31 December 2006 the company's ultimate parent undertaking and controlling party was 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, Mandy, Cardiff, CF4 3UZ.

Anglo American plc is the only company producing group accounts.

The company's immediate parent undertaking is Mondipackaging UK Holdings Limited.

Following the demerger from Anglo American plc on 3<sup>rd</sup> July 2007 the company's ultimate parent undertaking and controlling party is Mondipac plc.