

Registration number: 05972505

LINPAC Packaging China Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015



LINPAC Packaging China Holdings Limited

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LINPAC Packaging China Holdings Limited

Company Information

Director M P Nicholls

Company secretary S E Joseph

Registered office Wakefield Road
Featherstone
Pontefract
West Yorkshire
WF7 5DE

**Independent
auditors** PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Benson House
33 Wellington Street
Leeds
West Yorkshire
LS1 4JP

LINPAC Packaging China Holdings Limited

Director's Report for the Year Ended 31 December 2015

The report and the audited financial statements for the year ended 31 December 2015.

Directors of the company

The directors who held office during the year and up to the date of signing the financial statements were as follows:

M P Nicholls

C W Horton (resigned 31 March 2015)

Business review

Fair review of the business

The profit for the financial year ended 31 December 2015 amounts to £92,000 (2014: profit of £102,000). No dividend was paid during the year (2014: £nil). The company had net liabilities at 31 December 2015 of £7,000 (2014: £99,000).

The directors consider the future performance of the company will remain consistent.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The company's operations expose it to a variety of financial risks that include the effects of liquidity risk and interest rate risk.

Liquidity risk and interest rate risk are managed at Group level (see note 12). The Group's policies in respect of liquidity risk and interest rate risk are discussed in the Directors' Report of the LINPAC Senior Holdings Limited's annual financial statements which does not form part of this report.

Financial risk management

Objectives and policies

Management of the Group and the execution of its strategy are subject to a number of financial risks, including currency risk, credit risk, interest rate risk, and liquidity risk. These are formally reviewed by the Board and appropriate processes are put in place to monitor and mitigate them. This risk management process is carried out at a strategic and at an operational level, covering all primary disciplines within the Group's significant businesses.

LINPAC Packaging China Holdings Limited

Director's Report for the Year Ended 31 December 2015 (continued)

Price risk, credit risk, liquidity risk and cash flow risk

Currency risk

The Group has many overseas operations that are exposed to foreign exchange risk. The most significant currency in this respect is the Euro. To mitigate this risk, part of the Group's borrowings are denominated in Euros. In addition, where considered appropriate, the Group uses forward contracts or short term currency balances to hedge any significant foreign currency transactional risks.

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made, in addition to regular on-going reviews for established customers. The Group has credit insurance against non-recovery of receivables in most of the territories in which it operates.

Interest rate risk

The Group's interest rate risk principally arises from the cost flexing where interest is subject to variable rates dependent on the LIBOR (or equivalent applicable to the currency denomination). Following the significant reduction in the net debt of the Group, this interest rate risk is similarly reduced.

Liquidity risk

By the use of established short term and longer term forecasting processes, the Group ensures that sufficient committed facilities are in place to meet the requirements of the business. This takes into account cash flows from operations and the Group's holdings of cash and cash equivalents. Sufficient liquidity headroom exists to meet current forecast requirements.

Future developments

Whilst it is expected that the markets in which the Group trades will remain challenging, actions taken over the last 12 months to expand the business, introduce new products and reduce costs have placed the Group in a good position to develop and grow over the next 12 months.

Resin cost volatility will remain a risk. However improved controls over recovery of cost increases have made the business more resilient to resin cost increases than in the past.

The Group continues to manage its cost base in relation to volume and margin and to manage capital investment to achieve efficiency and product innovation objectives at lowest cost and within its borrowing facilities.

Going concern

The directors of the company's ultimate parent company, LINPAC Senior Holdings Limited, have indicated to the directors of the company, in writing, that it is their present intention to continue to support the company to enable it to meet its obligations as and when they fall due and the financial statements have therefore been prepared on a going concern basis.

Disclosure of information to the auditors

The director has taken steps that ought to have taken as a director in order to make aware of any relevant audit information and to establish that the company's auditors are aware of that information. The director confirms that there is no relevant information that of and of which the auditors are unaware.

LINPAC Packaging China Holdings Limited

Director's Report for the Year Ended 31 December 2015 (continued)

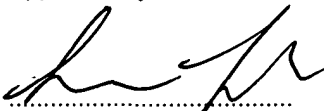
Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Approved by the Board on 31 March 2016 and signed by its order by:



.....
S E Joseph
Company secretary

LINPAC Packaging China Holdings Limited

Statement of Directors' Responsibilities

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LINPAC Packaging China Holdings Limited

Independent Auditors' Report to the members of LINPAC Packaging China Holdings Limited

Report on the financial statements

Our opinion

In our opinion, LINPAC Packaging China Holdings Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2015;
- the Income Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Director's remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of director's remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Director's Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

LINPAC Packaging China Holdings Limited

Independent Auditors' Report to the members of LINPAC Packaging China Holdings Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Director's Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the director's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Randal Casson (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP, Statutory Auditor
Chartered Accountants and Statutory Auditors
Leeds

31 March 2016

LINPAC Packaging China Holdings Limited

Income Statement for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Administrative income		<u>9</u>	<u>10</u>
Operating profit		<u>9</u>	<u>10</u>
Other interest receivable and similar income	3	242	264
Interest payable and similar charges	4	<u>(121)</u>	<u>(130)</u>
		<u>121</u>	<u>134</u>
Profit on ordinary activities before taxation		130	144
Tax on profit on ordinary activities	7	<u>(38)</u>	<u>(42)</u>
Profit for the financial year		<u><u>92</u></u>	<u><u>102</u></u>

There is no other comprehensive income for the year.

The above results were derived from continuing operations.

The notes on pages 11 to 15 form an integral part of these financial statements.

LINPAC Packaging China Holdings Limited

(Registration number: 05972505)

Statement of Financial Position as at 31 December 2015

	Note	2015 £ 000	2014 £ 000
Fixed assets			
Investments	8	3,931	3,931
Current assets			
Debtors	9	4,270	3,758
Creditors: Amounts falling due within one year			
Trade and other payables	11	(8,197)	(7,777)
Income tax liability	7	<u>(11)</u>	<u>(11)</u>
Creditors: Amounts falling due within one year		<u>(8,208)</u>	<u>(7,788)</u>
Net current liabilities		<u>(3,938)</u>	<u>(4,030)</u>
Net liabilities		<u>(7)</u>	<u>(99)</u>
Capital and reserves			
Profit and loss account		<u>(7)</u>	<u>(99)</u>
Total shareholders' deficit		<u>(7)</u>	<u>(99)</u>

The financial statements on pages 8 to 15 were approved by the director on 31 March 2016



M P Nicholls
Director

LINPAC Packaging China Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	Profit and loss account £ 000	Total shareholders' funds £ 000
At 1 January 2015	<u>(99)</u>	<u>(99)</u>
Profit for the financial year	<u>92</u>	<u>92</u>
Total comprehensive income	<u>92</u>	<u>92</u>
At 31 December 2015	<u>(7)</u>	<u>(7)</u>

	Profit and loss account £ 000	Total shareholders' funds £ 000
At 1 January 2014	<u>(201)</u>	<u>(201)</u>
Profit for the financial year	<u>102</u>	<u>102</u>
Total comprehensive income	<u>102</u>	<u>102</u>
At 31 December 2014	<u>(99)</u>	<u>(99)</u>

The notes on pages 11 to 15 form an integral part of these financial statements.

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 General information

The company is a private company limited by share capital incorporated and domiciled in UK.

The address of its registered office is:

Wakefield Road
Featherstone
Pontefract
West Yorkshire
WF7 5DE

These financial statements were authorised for issue by the director on 31 March 2016.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

Summary of disclosure exemptions

The company is exempt from the following requirements on the grounds it has adopted FRS 101 "Reduced Disclosure Framework";

- IAS 7 requirement to prepare a cash flow statement,
- IAS 24 requirement to disclose related party transactions entered into between two or more members of a group and disclosure of compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity.
- IFRS 1 requirement to present an opening statement of financial position

Going concern

The directors of the company's ultimate parent company, LINPAC Senior Holdings Limited, have indicated to the directors of the company, in writing, that it is their present intention to continue to support the company to enable it to meet its obligations as and when they fall due and the financial statements have therefore been prepared on a going concern basis.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2015 have had a material effect on the financial statements.

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the rates in effect at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates ruling at the balance sheet date. All differences are taken to the profit and loss account in the year in which they arise.

Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of profit and loss that are taxable or deductible in other years and it further excludes items which are not taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less any provision for impairment. Impairment reviews are performed by the directors where there has been an indication of potential impairment, such as producing a loss in the financial year under review and where that loss is forecast to continue.

3 Other interest receivable and similar income

	2015 £ 000	2014 £ 000
Group loans	<u>242</u>	<u>264</u>

4 Interest payable and similar charges

	2015 £ 000	2014 £ 000
Group loans	<u>121</u>	<u>130</u>

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

5 Directors' and employee information

The company has no employees (2014: none) and 1 Director (2014: 1). None of the directors received any remuneration for their services to the company (2014: £nil). Their costs are borne by fellow Group undertakings.

6 Auditors' remuneration

Fees payable to the company's auditors for the audit of the company's financial statements of £3,500 (2014: £3,500) have been borne by the parent company, LINPAC Packaging Limited and not recharged.

7 Tax on profit on ordinary activities

Tax charged/(credited) in the income statement

	2015	2014
	£ 000	£ 000
Current taxation		
UK corporation tax	<u>38</u>	<u>42</u>

The tax on profit before taxation for the year is higher than the standard rate of corporation tax in the UK (2014 - higher than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.5%).

The differences are reconciled below:

	2015	2014
	£ 000	£ 000
Profit before tax	<u>130</u>	<u>144</u>
Corporation tax at standard rate	26	31
Increase arising from group relief tax reconciliation	6	2
Decrease from transfer pricing adjustments	(32)	(33)
Increase arising from overseas tax suffered (expensed)	<u>38</u>	<u>42</u>
Total tax charge	<u>38</u>	<u>42</u>

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

8 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2015 and 31 December 2015	<u>3,931</u>
Provision	
Carrying amount	
At 1 January 2015 and 31 December 2015	<u>3,931</u>

In the opinion of the directors, the aggregate value of the company's investments in subsidiary undertakings is not less than the aggregate amount included in the balance sheet.

Details of the subsidiaries as at 31 December 2015 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2015	2014
LINPAC Packaging Changzhou Co Limited	Manufacture and marketing of food packaging for fresh and chilled foods, catering and food service applications	China	100%	100%

9 Debtors

	2015 £ 000	2014 £ 000
Receivables from related parties	317	170
Loans to related parties	<u>3,953</u>	<u>3,588</u>
	<u>4,270</u>	<u>3,758</u>

Amounts owed by group undertakings are unsecured, non-interest bearing and have no fixed date of repayment whereas group loans are unsecured, with interest charged at a combination of fixed rate and floating rate of a margin above LIBOR.

10 Share capital

	2015		2014	
	Number	£ 000	Number	£ 000
Allotted and fully paid:				
Ordinary shares of £1 each	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

11 Trade and other payables

	2015 £ 000	2014 £ 000
Amounts owed to group undertakings	348	293
Group loans	7,849	7,484
	<u>8,197</u>	<u>7,777</u>

Amounts owed to group undertakings are unsecured, non-interest bearing and have no fixed date of repayment whereas group loans are unsecured, interest charged at a combination of fixed rate and floating rate of a margin above LIBOR. There is no fixed date of repayment for the group loans.

12 Parent and ultimate parent undertaking

The company's immediate parent is LINPAC Packaging Limited.

The ultimate parent is LINPAC Senior Holdings Limited.

The most senior parent entity producing publicly available financial statements is LINPAC Senior Holdings Limited, a company incorporated in England & Wales and the controlling party and the only party which consolidates the financial statements of the Company. These accounts therefore provide information about the Company as an individual undertaking. Copies of the accounts of the ultimate parent, LINPAC Senior Holdings Limited, are available upon request from Wakefield Road, Featherstone, Pontefract, WF7 5DE.

The ultimate controlling party is Strategic Value Partners LLC. As at 31 December 2015 they manage funds holding 86.09% of the equity.

13 Transition to FRS 101

The date of the Company transition to FRS 101 for the purposes of these financial statements is 1 January 2014 (the "Transition Date").

The accounting policies described in note 2 were applied when preparing the financial statement for the years ended 31 December 2015 and 31 December 2014, and the balance sheet as at the Transition Date.

These are the first financial statements prepared in accordance with FRS 101. There were no material adjustments made to the UK GAAP financial statements in connection with the transition to FRS 101.