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Polimoon Holdings (UK) Limited

**Directors' report and financial
statements**

Registered number 3672192

31 December 2004

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Directors' report

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

Principal activities

The principal activity is that of an investment holding company.

Business review

Both the level of business and the year end financial position were satisfactory.

Proposed dividend

The directors recommend the payment of an interim dividend of £2,000,000 (2003: £nil).

Directors and directors' interests

The directors who held office during the year were as follows:

A Vraalsen
A Platt

None of the directors has a material interest in any contract of significance to which the company was a party during the financial year.

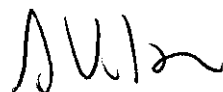
According to the register required to be kept by Section 325 of the Companies Act 1985, the following directors had interests in the shares of the ultimate parent company, Polimoon Group Limited, at the end of the financial year.

	2004 Number of 1p ordinary voting shares	2004 Number of 1p ordinary non voting shares	2003 Number of 1p ordinary voting shares	2003 Number of 1p ordinary non voting shares
A Vraalsen	25,000	25,000	25,000	25,000
A Platt	10,000	10,000	10,000	10,000

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



A Vraalsen
Director

12 July 2005

Engineer Park
Factory Road
Sandycroft
Deeside
Clwyd

Statement of directors' responsibilities

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 and of the profit or loss for that period. 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, 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Report of the independent auditors to the members of Polimoon Holdings (UK) Limited

We have audited the financial statements on pages 4 to 11.

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 auditor's 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 are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

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

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

31 August 2005

Profit and loss account
for the year ended 31 December 2004

	<i>Note</i>	2004 £000	2003 £000
Administrative expenses	2	(15)	(165)
Operating loss		(15)	(165)
Income from shares in Group undertakings	7	5,950	-
Interest receivable and similar income	4	458	361
Interest payable and similar charges	5	(721)	(1,017)
Profit/(loss) on ordinary activities before taxation		5,672	(821)
Taxation	8	-	-
Profit/(Loss) for the financial period		5,672	(821)
Dividends	9	(2,000)	-
Retained Profit/(Loss) for the year		3,672	(821)


There were no recognised gains or losses in either period other than the profit for the period reported above.

All activity arose from continuing operations.

Balance sheet
 at 31 December 2004

	<i>Note</i>	2004 £000	2004 £000	2003 £000	2003 £000
Fixed assets					
Investments	10		6,388		6,388
Current assets					
Debtors: due within one year	11	2,857		66	
Debtors: due after one year	11	17,773		5,764	
Creditors: amounts falling due within one year	12	20,630 (10,948)		5,830 (7,756)	
Net current assets / (liabilities)			9,682		(1,926)
Total assets less current liabilities			16,070		4,462
Creditors: amounts falling due after more than one year	13		(13,694)		(5,758)
Net assets / (liabilities)			2,376		(1,296)
Capital and reserves					
Called up share capital	14		224		224
Share premium account			2,015		2,015
Profit and loss account	15		137		(3,535)
Equity shareholders' surplus / (deficit)	16		2,376		(1,296)

These financial statements were approved by the board of directors on 12 July 2005 and were signed on its behalf by:


 A Platt
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under the exemption contained in Section 228 of the Companies Act 1985, no group accounts have been prepared as the company is itself a wholly owned subsidiary of Polimoon Group Limited. These financial statements present information about the company as an individual undertaking and not about its group.

Investments

Fixed asset investments are shown at cost less any provision or impairment in value.

Cash flow statement

As permitted by Financial Reporting Standard No 1 (revised 1996), the Company has not produced a cash flow statement, as it is a wholly owned subsidiary of Polimoon Group Limited, and its cash flows are included within the consolidated cash flow statement of that company.

Taxation

Corporation tax is provided on taxable profits at the current rate. Provision is made for deferred tax using the full provision method. Deferred tax assets are only recognised to the extent that it is regarded as more likely than not that they will be recovered.

2 Administrative expenses

	2004 £000	2003 £000
Administrative costs	199	241
Corporate service charge	(184)	(76)
	<hr/>	<hr/>
	15	165
	<hr/>	<hr/>

3 Employee information

The company has no employees. None of the directors received any remuneration during the year.

4 Interest receivable and similar income

	2004 £000	2003 £000
Interest receivable from group undertakings	426	361
Exchange gains	32	-
	<hr/>	<hr/>
	458	361
	<hr/>	<hr/>

Notes (continued)

5 Interest payable and similar charges

	2004 £000	2003 £000
Interest payable on bank loans and overdrafts	642	620
Realised exchange (profit)/loss	(2)	391
Interest payable to group undertakings	57	-
Cost of obtaining loan finance	24	6
	<u>721</u>	<u>1,017</u>

6 Profit/loss on ordinary activities before taxation

	2004 £000	2003 £000
<i>Profit/loss on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit fees	3	8
Non-audit fees	3	8
	<u>6</u>	<u>16</u>

7 Dividends Receivable from Group Undertakings

	2004 £000	2003 £000
Ordinary Interim Dividend	5,950	-
	<u>5,950</u>	<u>-</u>

Notes (continued)

8 Tax on profit/loss on ordinary activities

Analysis of charge in period.

	2004 £000	2003 £000
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
Tax on profit/loss on ordinary activities	-	-
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2003: *higher*) than the standard rate of corporation tax in the UK 30% (2003: 30%). The differences are explained below:

	2004 £000	2003 £000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	5,672	(821)
	<hr/>	<hr/>
Current tax at 30% (2003: 30%)	1,702	(246)
<i>Effects of:</i>		
Other short term timing differences	(30)	(10)
Group relief	113	256
Intergroup dividends not taxable	(1,785)	-
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

9 Dividends

	2004 £000	2003 £000
Ordinary Interim Paid	2,000	-
	<hr/>	<hr/>

Notes (continued)

10 Investments

	Interests in subsidiary undertakings 2004 £000	Interests in subsidiary undertakings 2003 £000
<i>Cost and net book value</i>		
At beginning and end of year	6,388	5,776
Addition	-	612
At end of year	6,388	6,388

This company has investments in the following subsidiary undertakings, all wholly-owned and incorporated in the UK:

<i>Subsidiary undertakings</i>	<i>Principal activity</i>
Polimoon Limited	Manufacture of Industrial Packaging products
Polimoon Fibrenyle Limited	Manufacture of Consumer Packaging products
Polimoon Food Packaging Limited	Sale of Food Packaging products

11 Debtors

	2004 £000	2003 £000
<i>Amounts falling due within one year:</i>		
Amounts due from group undertakings	2,857	43
Other debtors	-	23
	2,857	66
<i>Amounts falling due after more than one year:</i>		
Amounts due from group undertakings	17,773	5,764

12 Creditors: amounts falling due within one year

	2004 £000	2003 £000
Bank overdraft	9,658	6,919
Bank loan	1,185	-
Debt refinancing costs	(31)	-
Amounts owed to group undertakings	31	522
Accruals	105	259
Taxation	-	56
	10,948	7,756

Notes (continued)

12 Creditors: amounts falling due within one year (continued)

Polimoon Holdings (UK) Limited and its subsidiary undertakings are parties to a UK cash pooling arrangement with Nordea Bank in London. Each of the company's subsidiary undertakings, Polimoon Limited, Polimoon Packaging Limited and Polimoon Food Packaging Limited, have surplus funds in excess of the company's overdraft.

13 Creditors: amounts falling due after more than one year

	2004 £000	2003 £000
Bank loans	13,694	5,758
Borrowings are repayable as follows:		
	2004 £000	2003 £000
Bank loans		
Within one year	1,185	-
Between one and two years	1,335	942
Between two and five years	12,480	4,834
	15,000	5,776
Less unamortised arrangement fees	(121)	(18)
	14,879	5,758

The external bank loans consist of one sterling loan repayable over five years, which is part of the bi-annual amortising Tranche A of the Polimoon Group's Term Loan Facility agreement with Den Norske Bank NOR entered into in December 2004. The interest on the loan is payable semi-annually at a fixed interest rate plus a margin of 1.5%. Security is provided in the form of on-demand guarantees from all material subsidiaries in the Group, including pledges of shares in operating companies from local holding companies, and debentures over all material assets in the Group.

The shares of the company's subsidiaries, Polimoon Limited, Polimoon Packaging Limited and Polimoon Food Packaging Limited are pledged by way of security.

14 Called up share capital

	2004 £000	2003 £000
<i>Authorised</i>		
Ordinary shares of £1 each	224	224
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	224	224

Notes (continued)

15 Profit and loss account

	2004 £000	2003 £000
At beginning of year	(3,535)	(2,714)
Profit/(loss) for the financial year	3,672	(821)
At end of year	137	(3,535)

16 Reconciliation of movement in shareholders' funds/deficit

	2004 £000	2003 £000
Opening shareholders' deficit	(1,296)	(475)
Profit/(Loss) for the financial year	3,672	(821)
Closing equity shareholders' funds/deficit	2,376	(1,296)

17 Ultimate parent company

The company is a wholly owned subsidiary undertaking of Polimoon Group Limited, registered in England and Wales.

On the 26th April 2005 the group were successful in listing a new ultimate parent company, Polimoon ASA, on the Oslo Stock Exchange.

Up until the 26 April 2005 the largest and smallest group of which Polimoon Holdings (UK) Limited is a member, and for which group accounts for the financial year to the 31 December 2004 were drawn up, is headed by Polimoon Group Limited, whose principal place of business is at Einsteinstraat 22, 6942 PV Didam, Postbus 131 6900 AC Zevenaar, The Netherlands. The consolidated accounts of this group are available to the public and may be obtained from the above address.

From the 26 April 2005 the largest and smallest group of which Polimoon Holdings (UK) Limited is a member, and for which group accounts will be drawn up for the financial year ended 31 December 2005, is headed by Polimoon ASA.

18 Related party disclosures

The company has taken advantage of the exemption included in Financial Reporting Standard No 8 "Related Party Disclosures" for wholly owned subsidiaries not to disclose transactions with entities that are part of a group or investees of the group qualifying as related parties.