

Company No: 3182537

CROWN UK HOLDINGS LTD

ANNUAL REPORT

31 DECEMBER 1999



CROWN UK HOLDINGS LTD

DIRECTORS' REPORT

The Directors present their Annual Report and consolidated audited accounts for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group is the manufacture and printing of packaging containers. The Directors anticipate that the current level of activity will be sustained through 2000.

RESULTS AND DIVIDENDS

The Group loss after tax and minority interests for the year is £(24.3M) (1998: Loss: £(4.6M)) which has been transferred to reserves. The Directors do not recommend the payment of a dividend (1998: £Nil).

EMPLOYMENT POLICIES

It is the Group's policy to keep employees fully informed on matters which affect them through direct face to face communications and established collective procedures for joint consultation.

Throughout the period the drive for world class goals has served as an important focus for improved communication with employees. It has provided opportunities for involving employees and enlisting their commitment through training and joint problem solving in a team working environment with the added focus of world class manufacturing programmes in all locations.

HEALTH AND SAFETY

The Group promotes its Health and Safety policy with high profile initiatives and has throughout the period continued vigorously to apply increasing standards of machine and employee safety.

DISABLED PERSONS

The Group's policy on the employment of disabled persons has been applied as sympathetically as possible although few external recruitment opportunities arose during the period. The Group has continued to examine ways and means of providing employment for disabled employees under normal terms and conditions with opportunities for training, career development and promotion as appropriate.

CHARITABLE DONATIONS

Donations to charitable organisations made by the Group amounted to £28,000 (1998: £27,500).

RESEARCH AND DEVELOPMENT

The Directors consider that research and development play a vital role in the Group's success. The research and development costs, which were incurred by the Group are set out in note 4 to the accounts.

CROWN UK HOLDINGS LTD

DIRECTORS' REPORT (Continued)

INFORMATION TECHNOLOGY

There is a central Information Technology ("IT") department responsible for ensuring that businesses conform to their IT strategy and policies. The IT department is also responsible for writing and maintaining proprietary operating software.

The Group's year 2000 compliance program was completed on time. There has been no disruption to the business from non-compliance of either internal or third party systems

AUDITORS

A resolution to re-appoint PricewaterhouseCoopers will be submitted at the annual general meeting.

CREDITORS PAYMENT POLICY

The Group agrees payment terms with its suppliers and seeks to abide by these terms when it is satisfied that goods and services have been provided in accordance with the relevant contractual arrangements. The Group settles all undisputed accounts for payment within 45 days, unless terms in excess of 45 days are specifically negotiated with the supplier. Creditor days at 31st December 1999 were 98 (1998: 99).

DIRECTORS AND THEIR INTERESTS

The names of the Company's Directors who served during the year are set out below:

J.W. Conway	(appointed 24 March 2000)
J.Davidson	
A.W. Rutherford	
M.R.French	(resigned 22 July 2000)
R.L. Krzyzanowski	(resigned 7 February 2000)

The Directors do not have any interests required to be disclosed under Schedule 7 of the Companies Act 1985.

CROWN UK HOLDINGS LTD

DIRECTORS' REPORT (continued)

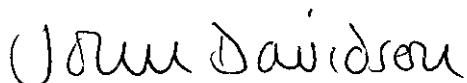
DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those accounts, 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 accounts; and
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company and the Group 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 the Group and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



J Davidson
Director

Registered Office
Downsview Road
Wantage
Oxon OX12 9BP
England

December 11, 2000

CROWN UK HOLDINGS LTD

AUDITORS' REPORT

To the members of Crown UK Holdings Ltd:

We have audited the financial statements on pages 5 to 24 which have been prepared under the historical cost convention and the accounting policies set out on page 9 and 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom primarily by statute, the Auditing Practices Board and our professions 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. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements.

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 affairs of the company and the group at 31 December 1999 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Uxbridge
England

December 11, 2000

CROWN UK HOLDINGS LTD

**CONSOLIDATED GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999**

	<u>Notes</u>	Continuous Operations 1999	Acquisitions 1999	Total 1999	Restated 1998
		£M	£M	£M	£M
Turnover	2	728.9	60.3	789.2	782.6
Operating costs (net)	4	<u>(686.1)</u>	<u>(58.8)</u>	<u>(744.9)</u>	<u>(698.2)</u>
Operating profit	2	42.8	1.5	44.3	84.4
Profit on disposal of Operation	3	<u>0.2</u>	<u>-</u>	<u>0.2</u>	<u>-</u>
Profit on ordinary Activities before interest		<u>43.0</u>	<u>1.5</u>	44.5	84.4
Interest receivable	5			2.1	6.3
Interest payable	6			(70.8)	(83.1)
(Loss)/Profit on ordinary activities before taxation				<u>(24.2)</u>	<u>7.6</u>
Tax credit/(charge) on (loss)/profit on ordinary Activities	8			<u>0.2</u>	<u>(12.1)</u>
(Loss) on ordinary activities after taxation				(24.0)	(4.5)
Minority equity interests				<u>(0.3)</u>	<u>(0.1)</u>
Retained (loss) for the financial year				<u>(24.3)</u>	<u>(4.6)</u>

The 1998 comparatives for turnover and operating costs have been restated by £41.4M (previously £824.0M and £739.6M respectively) to reflect the reclassification of license fee income to net operating costs from turnover.

Acquisitions relate to Constar International UK Ltd and CarnaudMetalbox South Africa PTY Ltd which were acquired on 31 December 1998 and 28 January 1999 respectively.

CROWN UK HOLDINGS LTD

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 1999**

	<u>1999</u>	<u>1998</u>
	<u>£M</u>	<u>£M</u>
(Loss) for the financial year	(24.3)	(4.6)
Currency translation differences on foreign currency net investments	<u>(2.8)</u>	<u>(2.3)</u>
Total recognised losses for the year	<u>(27.1)</u>	<u>(6.9)</u>

CROWN UK HOLDINGS LTD

BALANCE SHEET AT 31 DECEMBER 1999

	<u>Notes</u>	<u>Group 1999 £M</u>	<u>Company 1999 £M</u>	<u>Group 1998 £M</u>	<u>Company 1998 £M</u>
Fixed assets					
Intangible assets	10	555.9	-	587.8	-
Tangible assets	11	327.5	-	340.3	-
Investments	12	176.3	724.0	176.3	724.0
		<u>1,059.7</u>	<u>724.0</u>	<u>1,104.4</u>	<u>724.0</u>
Current assets					
Stocks	13	106.0	-	103.8	-
Debtors (amounts due within one year)	14	187.7	46.4	264.3	40.4
Cash at bank and in hand		10.6	-	15.3	-
		<u>304.3</u>	<u>46.4</u>	<u>383.4</u>	<u>40.4</u>
Creditors: (amounts falling due within one year)	15	(967.7)	(611.5)	(1,052.1)	(599.2)
Net current liabilities		<u>(663.4)</u>	<u>(565.1)</u>	<u>(668.7)</u>	<u>(558.8)</u>
Total assets less current liabilities		396.3	158.9	435.7	165.2
Creditors: (amounts Falling due after more than one year)	16	(302.6)	-	(304.8)	-
Provisions for liabilities and charges	17	(38.5)	-	(51.1)	-
		<u>55.2</u>	<u>158.9</u>	<u>79.8</u>	<u>165.2</u>
Capital and reserves					
Called-up share capital	18	-	-	-	-
Share premium	19	61.2	61.2	61.2	61.2
Profit and loss account	19	(8.6)	97.7	18.5	104.0
Total Shareholders' funds (equity interests)	20	52.6	158.9	79.7	165.2
Minority equity interests		2.6	-	0.1	-
		<u>55.2</u>	<u>158.9</u>	<u>79.8</u>	<u>165.2</u>

Approved by the board on December 11, 2000 and signed on its behalf by



J Davidson
Director

CROWN UK HOLDINGS LTD

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1999**

	Notes	1999 £M	1999 £M	1998 £M	1998 £M
Net cash in flow from operating activities	21a		84.7		239.1
Returns on investments and servicing of finance					
Interest received		2.1		6.3	
Interest paid		(70.8)		(83.1)	
Dividends paid to minority interest		(0.2)		(0.2)	
			(68.9)		(77.0)
Taxation			(0.9)		(3.2)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(38.5)		(69.9)	
Receipts from sale of tangible fixed assets		3.9		2.7	
			(34.6)		(67.2)
Acquisitions and disposals					
Purchase of subsidiary undertakings	21d	(5.7)		(44.2)	
Net cash acquired with subsidiaries		-		1.2	
Sale of subsidiary undertakings		-		8.4	
Net cash disposed of with subsidiary		(0.5)		-	
			(6.2)		(34.6)
Net cash (outflow)/inflow before financing			(25.9)		57.1
Financing					
Issue of ordinary share capital			-		32.4
Debt due within a year:					
Increase/ (Repayment) of short term borrowings			22.2		(94.2)
Debt due after one year:					
(Decrease)/Increase in long term borrowings			(3.9)		2.7
New Finance Leasing			3.2		-
Capital element of finance lease rental payments			(0.3)		(0.4)
(Decrease) in cash in the period			(4.7)		(2.4)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards. The principal accounting policies all of which have been consistently applied throughout the period are set out below:

a) Accounting convention

The financial statements are prepared under the historical cost convention.

b) Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers.

c) Basis of preparation of group financial statements

The group accounts consolidate the accounts of the company and its subsidiary undertakings for the year to 31 December 1999 and its share of the results and post-acquisition reserves of associated undertakings.

The profits and losses of subsidiary and associated undertakings are consolidated from the date of acquisition up to the date of disposal where appropriate.

d) Depreciation

Depreciation is calculated to write off the cost or revalued amount less estimated residual value of fixed assets on a straight line basis over their estimated useful lives. No depreciation is charged on freehold land.

Major categories include

Buildings (freehold and leasehold)	-	10 to 40 years
Plant and Machinery	-	7 to 10 years
Fixtures, fittings, tools and equipment	-	3 to 15 years

e) Stocks and work-in-progress

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out method and consists of material and direct labour costs, together with an appropriate proportion of production overheads.

f) Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

g) Intangible Assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the separable net assets of businesses acquired. Goodwill is now amortised through the profit and loss account on a straight line basis over an estimated useful life of 20 years, following the adoption of FRS10 and in line with the UK generally accepted accounting practice.

Intellectual Property

Intellectual Property is capitalised and amortised through the profit and loss account in equal instalments over the estimated useful life.

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999 (continued)

1. ACCOUNTING POLICIES (continued)

h) Government grants

Regional development grants and other investment grants received are treated as deferred credits and credited to profit and loss account over the estimated useful life of the relevant fixed assets.

i) Research and development expenditure

Research and development expenditure is written off in the profit and loss account in the year in which it is incurred.

j) Foreign currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which transactions occur, except for:

- (a) monetary assets and liabilities which are translated at the rate ruling at the balance sheet date and
- (b) transactions to be settled at a contracted rate and trading transactions covered by a related or matching forward contract which are translated at those contracted rates.

Differences arising on the translation of such items are dealt with in the profit and loss account.

Results of overseas subsidiaries are translated at the average rate for the period. Assets and liabilities of overseas subsidiaries are translated at the rate at the balance sheet date. Exchange differences arising are dealt with through reserves.

k) Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Investments held as current assets are stated at the lower of cost and net realisable value.

l) Leases

Finance leases

Assets held under finance leases and the related lease obligations are included at the fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount on a straight line basis over the shorter of the lease term and the useful life of the asset. Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable so that the charge for each accounting period is a constant percentage of the remaining balance of the capital sum outstanding.

Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

m) Pension costs and other post-retirement benefits

Costs in respect of pension and other post-retirement benefits are charged to the profit and loss account over the expected service lives of the employees.

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999 (continued)

2. SEGMENTAL INFORMATION

A geographical analysis of results by origin of business is given below

	EU Countries 1999 £M	Rest of Europe 1999 £M	Rest of World 1999 £M	Total Group 1999 £M	Restated EU Countries 1998 £M	Rest of Europe 1998 £M	Restated Rest of World 1998 £M	Restated Total Group 1998 £M
TURNOVER								
Sales to third parties	634.0	21.9	63.7	719.6	621.5	18.4	69.7	709.6
Sales to other members of the Crown Cork & Seal Inc. Group	52.3	0.8	16.5	69.6	61.4	1.4	10.2	73.0
Total	<u>686.3</u>	<u>22.7</u>	<u>80.2</u>	<u>789.2</u>	<u>682.9</u>	<u>19.8</u>	<u>79.9</u>	<u>782.6</u>
Operating Profit	<u>37.0</u>	<u>0.5</u>	<u>6.8</u>	<u>44.3</u>	<u>78.9</u>	<u>0.5</u>	<u>5.0</u>	<u>84.4</u>
NET OPERATING ASSETS	<u>376.8</u>	<u>(8.6)</u>	<u>(3.0)</u>	<u>365.2</u>	<u>392.3</u>	<u>0.8</u>	<u>2.2</u>	<u>395.3</u>

The Group's activities represent one class of business for the purpose of segmental reporting, that of manufacture and distribution of packaging materials. Turnover by geographical destination is not materially different from the above analysis

3a. DISPOSAL OF OPERATION

The Group disposed of its 57% stake in CarnaudMetalbox Huapeng Closures Co. Wuxi for £Nil consideration in 1999. As part of this agreement some of the subsidiary companies of Crown Cork & Seal Company Inc. waived certain loans receivable from CarnaudMetalbox Huapeng Closures Co. Wuxi. The summarised impact on the profit and loss account for the year was as follows.

	£M
Opening share of consolidated losses	13.1
Investment write off	(8.9)
Loan Waivers	(4.2)
Exchange differences	0.2
	<u>0.2</u>

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999 (continued)

3b. ACQUISITIONS

During the year the Group acquired the total equity of CarnaudMetalbox South Africa PTY Ltd. and the remaining 30% of CarnaudMetalbox Zimbabwe Ltd. for £5.0M and £0.7M respectively. Additional disclosure required by the Companies Act 1985 and the Accounting Standards have not been given as the amounts are considered to be immaterial.

4. OPERATING COSTS (NET)

	Total 1999	Restated Total 1998
	£M	£M
Change in stocks of finished goods and work-in-progress	2.2	(8.2)
Own work capitalised	(4.9)	(8.9)
Other operating charges	38.9	34.6
Raw materials and consumables	426.4	433.7
Goodwill amortisation	32.8	32.6
Staff costs - wages and salaries	126.9	124.9
social security	10.2	9.7
other pension costs	1.3	0.6
Depreciation - Owned assets	42.2	31.6
Depreciation - Leased assets	0.6	-
Profit on disposal of fixed assets	-	(0.4)
Hire of plant and machinery	2.2	2.7
Auditors remuneration	0.5	0.7
Distribution costs	23.0	19.2
Selling and marketing costs	3.9	4.5
Research and development costs	21.4	20.6
Net exchange gains and losses	0.8	0.4
Post retirement medical benefits	1.6	(0.6)
Redundancy and reorganisation costs	14.9	0.5
	744.9	698.2

Auditors remuneration for non-audit services to the Group were £37,000 (1998 : £44,000)

5. INTEREST RECEIVABLE

	1999	1998
	£M	£M
Interest receivable		
- on bank and other deposits	1.1	5.4
- on loans to fellow group companies	1.0	0.9
	2.1	6.3

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999(continued)

6. INTEREST PAYABLE

	1999	1998
	£M	£M
On bank loans, overdrafts and other loans wholly repayable		
- within 5 years	22.7	17.7
- repayable after 5 years	15.2	24.9
On loans from fellow group companies	32.9	40.5
	<u>70.8</u>	<u>83.1</u>

7. DIRECTORS AND EMPLOYEES

	1999	1998
	Number	Number
Average number of persons, including executive directors, employed by the group during the period:		
Production	5,251	6,249
Research	228	265
Administrative	1,013	731
	<u>6,492</u>	<u>7,245</u>

The Directors of the Company receive no fees, remuneration or other emoluments in respect of the office of Director. Emoluments paid to such individuals are solely in respect of other employment within the Group.

	1999	1998
	£'000	£'000
Remuneration		
Emoluments	<u>266</u>	<u>383</u>
	<u>1999</u>	<u>1998</u>
	£'000	£'000
Chairman	-	-
Highest paid UK director	<u>158</u>	<u>221</u>

During the year, two of the directors accrued benefits under the defined benefit pension scheme.

No retirement benefits were received by the directors in the year.

At 31 December 1999 the following amounts relating to the highest paid director were accrued under a defined benefit pension scheme.

	1999	1998
	£'000	£'000
Accrued pension entitlement	121	126
Accrued lump sum	<u>325</u>	<u>320</u>

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999(continued)

8. TAXATION

	1999 £M	1998 £M
Based on the profit for the period:		
United Kingdom tax at 30.25% (1998: 31%)	(3.3)	1.6
Deferred taxation	3.3	8.5
	-	10.1
Overseas:		
Taxation on profits	1.6	1.5
Deferred taxation	0.2	0.6
Adjustment of current taxation in respect of prior year	2.0	(1.1)
Adjustment of deferred taxation in respect of prior year	(4.0)	1.0
Total taxation(credit)/charge	(0.2)	12.1

Overseas taxation has been provided on the results of overseas subsidiary companies at the appropriate overseas rates of tax.

9. PROFIT OF PARENT COMPANY

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented as part of these accounts. The Company's loss for the financial period was £6.3M (1998: loss £8.3M) which includes dividends receivable from Group undertakings of £25.9M (1998 £24.6M)

10. INTANGIBLE FIXED ASSETS

Group	Intellectual Property £M	Goodwill £M	Total £M
COST			
At 1 January 1999	1.6	659.2	660.8
Additions	0.8	1.2	2.0
Exchange movements	-	(0.8)	(0.8)
At 31 December 1999	2.4	659.6	662.0
ACCUMULATED AMORTISATION			
At 1 January 1999	0.2	72.8	73.0
Charge for the period	0.3	32.8	33.1
At 31 December 1999	0.5	105.6	106.1
NET BOOK VALUE			
At 31 December 1999	1.9	554.0	555.9
At 31 December 1998	1.4	586.4	587.8

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999(continued)

11. TANGIBLE FIXED ASSETS

Group	Freehold Properties	Leasehold Properties	Plant and Machinery	Fixtures, Fittings, Tools and Equipment	Total
	£M	£M	£M	£M	£M
COST					
At 1 January 1999	62.2	0.2	311.8	33.2	407.4
Additions	0.2	-	30.7	4.0	34.9
Acquisition of subsidiaries	0.2	-	1.0	0.1	1.3
Disposals	(0.8)	-	(0.6)	(6.8)	(8.2)
Disposal of subsidiaries	(0.7)	-	(4.5)	(0.9)	(6.1)
Reclassification	(0.1)	-	2.1	(2.0)	-
Reclassified leased assets	-	-	4.2	-	4.2
Transfers to fellow group undertakings	-	-	(0.4)	-	(0.4)
Exchange movement	(0.5)	-	(0.7)	-	(1.2)
At 31 December 1999	60.5	0.2	343.6	27.6	431.9
ACCUMULATED DEPRECIATION					
At 1 January 1999	4.1	-	50.7	12.3	67.1
Charge for the period	1.8	0.1	37.1	3.8	42.8
Disposals	0.1	-	1.1	(5.5)	(4.3)
Disposal of subsidiaries	(0.3)	-	(1.4)	-	(1.7)
Reclassification	-	-	0.9	(0.9)	-
Reclassified leased assets	-	-	1.8	-	1.8
Transfers from fellow group undertakings	-	-	(0.8)	-	(0.8)
Exchange movement	(0.1)	-	(0.4)	-	(0.5)
At 31 December 1999	5.6	0.1	89.0	9.7	104.4
NET BOOK VALUE					
At 31 December 1999	54.9	0.1	254.6	17.9	327.5
At 31 December 1998	58.1	0.2	261.1	20.9	340.3

Freehold land amounting to £13.6M (1998: £13.2M) has not been depreciated.

Plant and machinery includes the cost of assets in the course of construction being £9.7 M (1998:£21.1M) which are not depreciated until the asset is commissioned.

Included in the net book amount of plant and machinery is £4.2 M (1998 £1.4M) in respect of assets held under finance lease. The movement in the year relates to new leasing of £0.7M, the reclassification of a previously existing lease of £2.4M and to depreciation.

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999(continued)

12. FIXED ASSET INVESTMENTS :

GROUP UNDERTAKINGS

	<u>1999</u>	<u>1998</u>
Company	<u>£M</u>	<u>£M</u>
Shares in subsidiary undertakings	<u>724.0</u>	<u>724.0</u>

The above investments are unlisted.

The Company's investments comprise:

	<u>1999</u>	<u>1998</u>
	<u>£M</u>	<u>£M</u>
CarnaudMetalbox Group UK Ltd	581.2	581.2
CarnaudMetalbox Overseas Ltd	84.4	84.4
The Crown Cork Co Ltd	25.9	25.9
Crown Cork & Seal Finance plc	0.1	0.1
Constar International UK Limited	32.4	32.4
At 31 December	<u>724.0</u>	<u>724.0</u>

See note 27 for a list of the principal subsidiary and associated undertakings.

In the opinion of the Directors the value of investments is not less than the net book amounts shown above.

PARTICIPATING INTEREST AND OTHER INVESTMENTS

	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>1999</u>	<u>1999</u>	<u>1998</u>	<u>1998</u>
	<u>£M</u>	<u>£M</u>	<u>£M</u>	<u>£M</u>
Other investments	<u>176.3</u>	<u>-</u>	<u>176.3</u>	<u>-</u>

In June 1994 a company within the Crown Cork & Seal Company Inc, Group paid £176.0M (FRF 1,492,830,000) to purchase the rights to receive 7,816,070 shares in Societe de Participation CarnaudMetalbox, a French subsidiary of CarnaudMetalbox SA. The shares will be issued and delivered in June 2001 and will represent 37.7% of the issued share capital of Societe de Participation CarnaudMetalbox.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999(continued)

13. STOCKS

	Group 1999 £M	Company 1999 £M	Group 1998 £M	Company 1998 £M
Raw materials and consumables	49.5	-	45.2	-
Work-in-progress	15.8	-	17.1	-
Finished goods and goods for resale	40.7	-	41.5	-
	<u>106.0</u>	<u>-</u>	<u>103.8</u>	<u>-</u>

14. DEBTORS

	Group 1999 £M	Company 1999 £M	Group 1998 £M	Company 1998 £M
Amounts recoverable within one year:				
Trade debtors	74.1	-	66.8	-
Amounts owed by fellow Group undertakings	77.2	23.7	166.1	15.8
Other debtors	24.6	-	29.8	-
Prepayments and accrued income	11.8	-	1.6	-
Dividend receivable	-	22.7	-	24.6
	<u>187.7</u>	<u>46.4</u>	<u>264.3</u>	<u>40.4</u>

15. CREDITORS: (amounts falling due within one year)

	Group 1999 £M	Company 1999 £M	Group 1998 £M	Company 1998 £M
Bank loans and overdrafts	138.1	120.0	152.8	133.2
Other loans	102.4	-	65.5	-
Obligations under finance leases and Hire purchase contracts	1.1	-	0.3	-
Trade creditors	164.3	-	158.8	-
Amounts owed to fellow Group undertakings	508.0	490.9	625.2	466.0
Corporation tax	5.8	-	6.4	-
UK PAYE and Social Security	5.2	-	6.1	-
Other creditors and accruals	42.8	0.6	37.0	-
	<u>967.7</u>	<u>611.5</u>	<u>1,052.1</u>	<u>599.2</u>

Other loans include cash advances secured on debtors of £80.7M (1998 £44.9M) within the Group. The debtors on which these loans are secured are reflected in the Group's balance sheet.

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999(continued)

16 CREDITORS: (amounts falling due after more than one year)

	Group 1999 £M	Company 1999 £M	Group 1998 £M	Company 1998 £M
Bank loans and overdrafts	-	-	3.9	-
Bonds	299.8	-	299.4	-
Obligations under finance leases and hire purchase contracts repayable between two and five years	2.8	-	1.1	-
Other creditors and accruals	-	-	0.4	-
	<u>302.6</u>	<u>-</u>	<u>304.8</u>	<u>-</u>

The bank loans bear interest at rates which fluctuate in line with the inter-bank rate, and varies by country.

The bonds comprise US\$200M at 6.75% issued for seven years repayable in 2003 and US\$300M at 7% issued for 10 years repayable in 2006 are irrevocably and unconditionally guaranteed by Crown Cork & Seal Company Inc.

Analysis of debt Maturity:	Group 1999			Group 1998		
	Bank Loans and Overdrafts £M	Bonds £M	Total £M	Bank Loans and Overdrafts £M	Bonds £M	Total £M
Amounts payable:						
In one year or less	240.5	-	240.5	218.3	-	218.3
Between One and Two years	-	-	-	3.9	-	3.9
Between two and Five years	-	119.9	119.9	-	-	-
In five years or more	-	179.9	179.9	-	299.4	299.4
	<u>240.5</u>	<u>299.8</u>	<u>540.3</u>	<u>222.2</u>	<u>299.4</u>	<u>521.6</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999(continued)

17. PROVISIONS FOR LIABILITIES AND CHARGES:

Group	Pensions and Similar Obligations £M	Deferred Taxation £M	Reorganisation Provisions £M	Total £M
At 1 January 1999	12.3	20.9	17.9	51.1
Charge/(Credit) for the period	1.6	(0.5)	14.9	16.0
Utilised during the period	(0.7)	-	(26.5)	(27.2)
Disposal of subsidiary	-	-	(1.3)	(1.3)
Other movements	-	(0.2)	-	(0.2)
Exchange movements	0.1	-	-	0.1
At 31 December 1999	13.3	20.2	5.0	38.5

Deferred Taxation

	Amount Provided 1999 £M	Amount Provided 1998 £M
Excess of capital allowances over depreciation	38.8	38.8
Other timing differences	(1.5)	(1.5)
Losses carried forward	(0.5)	-
Pension	2.4	2.4
Post retirement medical benefits	(4.0)	(3.8)
Advance corporation tax recoverable	(15.0)	(15.0)
	20.2	20.9

Deferred taxation is not provided on the accumulated reserves of overseas subsidiaries since the amounts involved are not material. The Company has no unprovided deferred taxation (1998: £Nil).

18. SHARE CAPITAL

	Authorised 1999 £	Allotted, Issued and Fully Paid 1999 £	Authorised 1998 £	Allotted, Issued and Fully Paid 1998 £
Ordinary Shares of £1 each	10,000	550	10,000	550

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999(continued)

19. RESERVES

Group	Share Premium Account 1999 £M	Profit and Loss Account 1999 £M	Total 1999 £M	Share Premium Account 1998 £M	Profit and Loss Account 1998 £M	Total 1998 £M
As at 1 January	61.2	18.5	79.7	28.8	25.4	54.2
Premium on issue of shares	-	-	-	32.4	-	32.4
Retained profit for the period	-	(24.3)	(24.3)	-	(4.6)	(4.6)
Exchange Movement	-	(2.8)	(2.8)	-	(2.3)	(2.3)
	<u>61.2</u>	<u>(8.6)</u>	<u>52.6</u>	<u>61.2</u>	<u>18.5</u>	<u>79.7</u>
At 31 December	<u>61.2</u>	<u>(8.6)</u>	<u>52.6</u>	<u>61.2</u>	<u>18.5</u>	<u>79.7</u>
Company	Share Premium Account 1999 £M	Profit and Loss Account 1999 £M	Total 1999 £M	Share Premium Account 1998 £M	Profit and Loss Account 1998 £M	Total 1998 £M
As at 1 January	61.2	104.0	165.2	28.8	112.3	141.1
Premium on issue of shares	-	-	-	32.4	-	32.4
Retained profit for the period	-	(6.3)	(6.3)	-	(8.3)	(8.3)
	<u>61.2</u>	<u>97.7</u>	<u>158.9</u>	<u>61.2</u>	<u>104.0</u>	<u>165.2</u>
At 31 December	<u>61.2</u>	<u>97.7</u>	<u>158.9</u>	<u>61.2</u>	<u>104.0</u>	<u>165.2</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 1999 £M	Company 1999 £M	Group 1998 £M	Company 1998 £M
(Loss) for the financial period	(24.3)	(6.3)	(4.6)	(8.3)
Issued share capital	-	-	32.4	32.4
Exchange movement	(2.8)	-	(2.3)	-
	<u>(27.1)</u>	<u>(6.3)</u>	<u>25.5</u>	<u>24.1</u>
Net (reduction)/addition to shareholders' funds	<u>(27.1)</u>	<u>(6.3)</u>	<u>25.5</u>	<u>24.1</u>
Opening shareholders' funds	79.7	165.2	54.2	141.1
Closing shareholders' funds (Equity)	<u>52.6</u>	<u>158.9</u>	<u>79.7</u>	<u>165.2</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999(continued)

21. CASH FLOW STATEMENT

a) RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	1999 £M	1998 £M
Operating profit	44.3	84.4
Net Depreciation and amortisation	75.9	63.8
(Increase)/Decrease in stocks	(3.5)	1.3
Decrease/(Increase) in debtors	72.4	(11.5)
(Decrease)/Increase in creditors	(93.5)	120.7
(Decrease) in provisions	(10.9)	(19.6)
Net cash inflow from operating activities	84.7	239.1

b) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1999 £M	1998 £M
Net debt at 1 January	(507.7)	(596.9)
(Increase)/Decrease in net debt	(25.9)	89.2
Loans and finance leases acquired with subsidiary	-	0.1
Exchange differences	-	(0.1)
Net debt at 31 December	(533.6)	(507.7)

c) RECONCILIATION OF MOVEMENT IN NET DEBT

	At 1 Jan 1999 £M	Cash Flow £M	At 31 Dec 1999 £M
Cash in hand and at bank	15.3	(4.7)	10.6
Debt due within one year	(218.2)	(23.4)	(241.6)
Debt due after one year	(304.8)	2.2	(302.6)
TOTAL	(507.7)	(25.9)	(533.6)

d) Purchase of Subsidiary Undertakings

In 1999 the group acquired the total equity of Carnaudmetalbox Food South Africa PTY Limited for a cash consideration £5M and the remaining 30% of the equity of Carnaudmetalbox Zimbabwe Limited for a cash consideration of £0.7M

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999(continued)

22. PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS

(a). Pension Scheme

The Company is a member of a UK pension scheme managed by CarnaudMetalbox Group UK Limited on behalf of its subsidiary undertakings. The UK scheme, which covers all UK Scheme Members, is a defined benefit pension scheme, the assets of which are held in a separate trustee administered fund.

The total pension cost for the UK sub group for the year to 31 December 1999 was £Nil (1998 £Nil) and there is a pension prepayment in the balance sheet as at 31 December 1999 of £ 7,900,000 (1998: £7,900,000).

The pension costs relating to the Scheme are assessed in accordance with the advice of a qualified actuary using the actuarial method and assumptions described below. Formal actuarial valuations of the Scheme are carried out triennially, with the latest assessment having an effective date of 31 March 1998. The actuarial method used in the 1998 valuation is the projected unit method. The main long-term future assumptions employed in determining the normal contribution rate were the investment return on future contributions would average 7% per annum, salary increases would average 5% per annum and future pension scheme increases would average 3% per annum. The past service liabilities were determined by projecting liabilities allowing for salary increases of 5% per annum, pension scheme increases of 3% per annum and discounting the resulting cashflows at 6% per annum.

The market value of the assets held by the Scheme at the date of the last valuation was £1,298 million. The actuarial value of the assets amounted to 109% of the value placed on the past service liabilities. The excess assets are being written off over a period of 9 years, being the average remaining service lives of the employees.

(b) Post retirement medical costs

The Company continues to participate in private post-retirement schemes for certain executives, and in some instances, their dependants. The schemes are not funded.

The latest actuarial valuation of the UK schemes was carried out as at 31 December 1998 and incorporates the following assumptions:

- annual bank interest rate 8.25%
- annual increase in the medical costs of 3%

This has resulted in a charge to the profit and loss account for the year of £1,600,000 (1998 credit £664,000). The provision at 31 December included £6,274,927 (1998: £6,328,375) in respect of former employees.

CROWN UK HOLDINGS LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999(continued)

23. CAPITAL COMMITMENTS

	Group 1999	Company 1999	Group 1998	Company 1998
	£M	£M	£M	£M
Capital expenditure contracted for but not provided for in the accounts	5.8	-	10.6	-

24. OTHER FINANCIAL COMMITMENTS

At 31 December 1999 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2000

	Plant & Machinery 1999	Plant & Machinery 1998
	£M	£M
Operating leases which expire:		
Within 1 year	2.1	1.9
Between 2 and 5 years	3.3	5.1
Over 5 years	0.3	-
	5.7	7.0

25. CONTINGENT LIABILITIES

At 31 December 1999 there were contingent liabilities in respect of bills receivable discounted and performance bonds of £4.1M (1998: £12.7M) for the group.

Bank and other guarantees in respect of Group pooling guarantee given by the group amounted to £ 4.3 M (1998:£15.3M).

26. PARENT UNDERTAKING

The immediate parent company is Crown Cork & Seal Company Inc, a company incorporated in the United States of America. Crown Cork & Seal Company Inc. is the only parent undertaking which prepares Group accounts in which the results of the Company are included. Copies of the Group accounts of Crown Cork & Seal Company Inc. may be obtained from CarnaudMetalbox Group UK Ltd, Downsview Road, Wantage, Oxon OX12 9BP.

The Company has taken advantage of the exemption available under paragraph 3 (c) of Financial Reporting Standard Number 8 (Related Party Disclosures). Accordingly, transactions with other members of the Crown Cork & Seal Inc. Group have not been disclosed.

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999(continued)

27. PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

The Directors consider that to give particulars of all subsidiary undertakings would lead to a statement of excessive length. Crown UK Holdings Ltd owns directly or indirectly 100% of the shares in all subsidiaries except where a lower percentage is shown. Undertakings part or all of whose share capital is owned by another subsidiary are marked *. The following subsidiary undertakings in the opinion of the Directors, principally affect the results and assets of the Group and are included in the consolidated account.

		<u>Country of Operation and incorporation</u>	<u>Nature of Business</u>
CarnaudMetalbox Group UK Ltd		UK	Holding Company
The Crown Cork Company Ltd		UK	Packaging
Crown Cork & Seal Finance Plc		UK	Finance
CarnaudMetalbox Plc	*	UK	Packaging
CarnaudMetalbox Overseas Ltd		UK	Holding Company
United Closures & Plastics Plc	*	UK	Packaging
Speciality Packaging (UK) Plc	*	UK	Packaging
CarnaudMetalbox Engineering Plc	*	UK	Packaging
CMB Bottles & Closures Ltd	*	UK	Packaging
Constar International UK Ltd	*	UK	Packaging
CarnaudMetalbox Jamaica Ltd	*	Jamaica	Packaging
CMB Packaging Trinidad Ltd (91%)	*	Trinidad	Packaging
CarnaudMetalbox Barbados Ltd	*	Barbados	Packaging
CarnaudMetalbox Nigeria Plc (54.89%)	*	Nigeria	Packaging
CarnaudMetalbox Kenya Ltd	*	Kenya	Packaging
CarnaudMetalbox Tanzania Ltd	*	Tanzania	Packaging
CarnaudMetalbox Zimbabwe Ltd	*	Zimbabwe	Packaging
CarnaudMetalbox Ghana Ltd	*	Ghana	Packaging
Crown Cork of Malaysia Sendirian Berhad (60%)	*	Malaysia	Packaging
CarnaudMetalbox Polska SP Z.O.O.	*	Poland	Packaging
CarnaudMetalbox Ireland Ltd	*	Ireland	Packaging
CarnaudMetalbox South Africa PTY Ltd	*	South Africa	Packaging