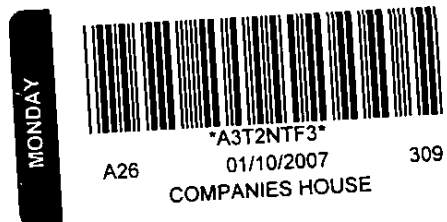


Company No: 3182537

CROWN UK HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006



CROWN UK HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2006

PRINCIPAL ACTIVITIES

The principal activity of the Group continues to comprise the manufacture, printing and sale of packaging containers

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties affecting the Group are considered to be the consolidation of the consumer products market, reducing the number of potential customers and increasing the comparative strength of these customers in relation to the suppliers in the market, and the trend towards alternative packaging products and materials

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The results for the Group show an operating loss of £13.9M (2005 restated loss £21.4M) and sales of £612.9M (2005 £682.9M)

The Group has £287.7M (2005 £265.6M) of net assets at the year end and is well positioned to take advantage of opportunities to invest in the future of the company

2006 was a difficult year which saw raw material prices rise significantly along with energy prices. With major long term sales contracts already in place, it was not always possible to pass through these increased costs to our customers. This resulted in an operating loss in 2006 but measures are now in place to cover such future exposures.

RESULTS AND DIVIDENDS

The Group's profit for the year of £2.0M (2005 loss restated of £42.8M) has been transferred to reserves. The directors do not recommend the payment of a dividend (2005 £NIL).

DIRECTORS

The directors of the company who served during the year and up to the date of signing the accounts are set out below:

J W Conway
J Davidson
A W Rutherford

KEY PERFORMANCE INDICATORS ("KPI's")

The company and wider group is managed on a divisional basis with performance monitored using a number of "World Class Performance" indicators, based around the efficiency of the production cycle.

During the year all divisions have worked towards meeting these targets and the Group is continuing to work towards exceeding industry standards around operating efficiencies.

CROWN UK HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

EMPLOYMENT POLICIES

It is the Group's policy to provide employment terms, which are motivational and equitable, in accordance with national legislation and local market conditions. Training and development opportunities are provided as a function of the needs of the Group and of the individuals concerned, with a view to improving every individual's, and thereby the Group's, performance.

Throughout the year, the drive for improved quality in all functions has served as an important focus for improved communication with employees. The Group's continued commitment to world-class performance in all locations has been the basis for involving employees and enlisting their commitment through training and joint problem solving in a team working environment. It is the Group's policy to keep employees fully informed on matters which affect them, through direct communications and established collective procedures for joint consultation.

The Group promotes its Health and Safety policy with high profile initiatives and has throughout the year continued vigorously to apply increasing standards of machine and employee safety and has also increased the amount of training specifically related to this matter.

The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled the Group continues employment wherever possible and arranges retraining.

CHARITABLE AND POLITICAL DONATIONS

Donations to charitable organisations made by the Group amounted to £11,607 (2005 £10,551). No payments were made during the year for political purposes (2005 £NIL).

RESEARCH AND DEVELOPMENT

The directors consider that research and development plays a vital role in the Group's success. The research and development costs incurred by the Group are set out in note 4 to the financial statements. All of this was expensed to the profit and loss account as incurred.

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. Creditor days at 31 December 2006 were 67 days (2005 70 days). The company does not have any trade creditors.

CROWN UK HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks that include the effects of any changes in liquidity and cash flow risk, market prices, credit risks, exchange rate risk and interest rate risk. The UK Group is part of a larger US owned Group, the Crown Holdings, Inc. Group, and the risk management programme that seeks to limit the adverse effects on the financial performance of the UK Group is maintained at European level.

LIQUIDITY AND CASH FLOW RISK

The Group's liquidity is managed centrally at European level. The Group maintains a mixture of long-term and short-term financing arrangements that are designed to ensure the Group and company have sufficient funds available for operations. The level of debt finance and related finance costs is monitored at European level. Details of the Group's cash flow forecasts are supplied to the European Treasury department to assist with the Group's cash management position and to minimise the risk of uncertain future funding requirements.

The UK Group's finance department implements the US Group's policies and guidelines as set out in the Crown Financial Accounting Policies manual.

PRICE RISK

The Group is exposed to commodity price risk as a result of its operations and the management of this exposure is borne as far as is possible by the Group's central purchasing department.

CREDIT RISK

The Group carries out appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to a limit, which is regularly reviewed having regard to the level of business and changes in the customer circumstances.

EXCHANGE RATE RISK

The Group seeks to limit any risk from fluctuating exchange rates on sales and purchases in non-local currency by taking out forward contracts, in line with the Crown Financial Accounting Policies manual.

INTEREST RATE RISK

The Group is exposed to interest rate risk, and the management of this exposure is borne by the Group's European Treasury department on behalf of the company and the rest of the Crown Group.

INFORMATION TECHNOLOGY

There is a central Information Technology ("IT") department responsible for ensuring that all business units conform to the Group's IT strategy and policies. The IT department is also responsible for writing and maintaining proprietary operating software.

CROWN UK HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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 Group and of the profit or loss of the company and Group 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 any 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 and Group will continue in business in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

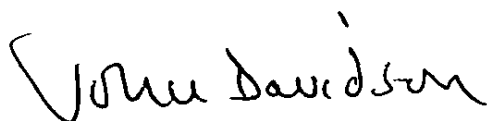
DISCLOSURE OF INFORMATION TO AUDITORS

So far as they are aware, the directors at the date of this report confirm that there is no relevant audit information of which the Group's auditors are unaware, and that the directors have 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 Group's auditors are aware of that information.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



J Davidson
Director

17 September 2007

CROWN UK HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROWN UK HOLDINGS LIMITED

We have audited the Group and parent company financial statements (the "financial statements") of Crown UK Holdings Limited for the year ended 31 December 2006 which comprise the Group profit and loss account, the Group and company balance sheets, the Group cash flow statement, the Group statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent company's affairs as at 31 December 2006 and of the Group's profit and cash flows 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading



CROWN UK HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	<u>Notes</u>	<u>Total 2006 £M</u>	<u>Restated Continuing operations 2005 £M</u>	<u>Discontinued operations 2005 £M</u>	<u>Restated Total 2005 £M</u>
Turnover	2	612.9	615.5	67.4	682.9
Operating costs (net)	4	<u>(626.8)</u>	<u>(639.6)</u>	<u>(64.7)</u>	<u>(704.3)</u>
Operating (loss)/profit	2	(13.9)	(24.1)	2.7	(21.4)
Profit on sale of land and buildings	3	2.5	3.2	-	3.2
Loss on sales of operations		<u>-</u>	<u>-</u>	<u>(21.0)</u>	<u>(21.0)</u>
Loss on ordinary activities before interest and other income		(11.4)	(20.9)	(18.3)	(39.2)
Income from shares in group undertakings		-			0.1
Interest receivable	5	5.8			1.9
Interest payable	6	(21.3)			(22.8)
Other financial income	23	30.6			22.4
Other financial expenses	23	<u>(0.5)</u>			<u>(0.5)</u>
Profit/(loss) on ordinary activities before taxation		3.2			(38.1)
Tax on profit/(loss) on ordinary activities	8	(1.2)			(4.7)
Profit/(loss) retained for the financial year	20	<u>2.0</u>			<u>(42.8)</u>

The Group sold its plastics operations in October 2005. All other operations are continuing.

There is no material difference between the profit/(loss) on ordinary activities before taxation and the results for the years stated above and their historical cost equivalent.

2005 has been restated to reflect the impact of adopting FRS 20 retrospectively and has an impact of £0.5M on profit before tax and £0.4M on profit after tax (see note 26).

CROWN UK HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2006**

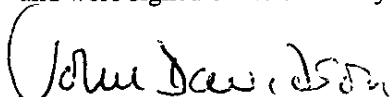
	<u>Notes</u>	<u>2006</u> £M	<u>Restated</u> <u>2005</u> £M
Profit/(loss) for the financial year		2.0	(42.8)
Actuarial gain/(loss) on pension scheme	23	33.0	(52.2)
Actuarial gain/(loss) on medical plan	23	0.2	(0.9)
Movement on deferred tax relating to pension asset		(9.9)	15.7
Movement on deferred tax relating to medical plan		(0.1)	0.3
Currency translation differences on foreign currency net investments		<u>(3.3)</u>	<u>1.1</u>
Total recognised gain/(loss) for the year		<u>21.9</u>	<u>(78.8)</u>

CROWN UK HOLDINGS LIMITED

BALANCE SHEETS AS AT 31 DECEMBER 2006

		Group 2006	Company 2006	Group 2005 Restated	Restated Company 2005
		£M	£M	£M	£M
Fixed assets					
Intangible assets	10	266.8	-	294 0	-
Tangible assets	11	117.4	-	134 5	-
Investments	12	1.3	776.2	1 3	776 2
		<u>385.5</u>	<u>776.2</u>	<u>429 8</u>	<u>776 2</u>
Current assets					
Stocks	13	64.2	-	61 7	-
Debtors	14	109.3	7.3	162 6	7 6
Debtors (amounts falling due after more than one year)	15	7.0	-	-	-
Cash at bank and in hand		5.0	-	14 4	-
		<u>185.5</u>	<u>7.3</u>	<u>238 7</u>	<u>7 6</u>
Creditors (amounts falling due within one year)	16	<u>(362.4)</u>	<u>(320.6)</u>	<u>(403 5)</u>	<u>(307 1)</u>
Net current liabilities		<u>(176.9)</u>	<u>(313.3)</u>	<u>(164 8)</u>	<u>(299 5)</u>
Total assets less current liabilities		208.6	462.9	265 0	476 7
Creditors (amounts falling due after more than one year)	17	(0.3)	-	(0 4)	-
Provisions for liabilities and charges	18	<u>(4.3)</u>	<u>-</u>	<u>(15 3)</u>	<u>-</u>
Net assets excluding pension asset and post-retirement medical benefit plan liability		204.0	462.9	249 3	476 7
Pension asset	23	91.3	-	23 9	-
Post-retirement medical benefit plan liability	23	<u>(7.6)</u>	<u>-</u>	<u>(7 6)</u>	<u>-</u>
Net assets including pension asset and post-retirement medical benefit plan liability		<u>287.7</u>	<u>462.9</u>	<u>265 6</u>	<u>476 7</u>
Capital and reserves					
Called-up share capital	19	0.4	0.4	0 4	0 4
Share premium account	20	491.5	491.5	491 5	491 5
Profit and loss account (deficit)	20	(204.4)	(30.4)	(226 5)	(16 6)
Other reserves	20	-	1.4	-	1 4
Equity shareholders' funds	21	<u>287.5</u>	<u>462.9</u>	<u>265 4</u>	<u>476 7</u>
Equity minority interests		<u>0.2</u>	<u>-</u>	<u>0 2</u>	<u>-</u>
Capital employed		<u>287.7</u>	<u>462.9</u>	<u>265 6</u>	<u>476 7</u>

The financial statements on pages 6 to 36 were approved by the board of directors on 17 September 2007 and were signed on its behalf by



J Davidson
Director

CROWN UK HOLDINGS LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	<u>Notes</u>	<u>2006</u> £M	<u>2006</u> £M	<u>2005</u> £M	<u>2005</u> £M
Net cash inflow from operating activities	22a		50.8		19.6
Returns on investments and servicing of finance					
Interest received		5.8		1.9	
Interest paid		(21.3)		(22.8)	
Dividends received		-		0.1	
			(15.5)		(20.8)
Taxation			2.4		(5.7)
Capital expenditure and financial investment					
Purchase of tangible fixed assets	11	(8.4)		(15.9)	
Purchase of intangible fixed assets	10	(0.2)		(0.3)	
Sale of tangible fixed assets		4.2		3.8	
			(4.4)		(12.4)
Acquisitions and disposals					
Receipt from sale of operations		-		31.8	
Net cash disposed of with above investment sold		-		(3.0)	
			-		28.8
Net cash inflow before use of liquid resources and financing			33.3		9.5
Management of liquid resources					
Repayment of short term borrowings					
Repayment of bonds	16	(62.3)		(60.2)	
Increase in bank overdraft	16	19.9		11.0	
(Decrease)/increase in other loans	17	(0.2)		37.9	
			(42.6)		(11.3)
Financing					
New finance leases		-		0.1	
Capital element of finance lease rentals	17	(0.1)		-	
			(0.1)		0.1
Decrease in net cash	22		(9.4)		(1.7)

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1. ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

The company is a wholly owned subsidiary company of a group headed by Crown Holdings, Inc., and is included in the consolidated accounts of both that company and the intermediate parent company, Crown Canadian Holdings ULC, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 25 "Financial Instruments: Disclosure and presentation" (paragraphs 51-95) from disclosing details of financial instruments utilised by the company.

Basis of preparation of Group financial statements

The Group accounts consolidate the results of the company and all its subsidiary undertakings for the year to 31 December 2006 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.

Changes in accounting policies

The Group and company have adopted FRS 20 "Share-based payments" for the first time in these financial statements. The adoption of this standard has resulted in a prior year adjustment of £501,000 before tax in the Group financial statements, for which further details are provided in note 26. There was no impact on the company financial statements.

The Group and company have adopted the amendment to FRS 17 "Retirement benefits" for the first time in these financial statements. There is no impact on the financial statements of either the Group or the company on the adoption of this standard.

Share-based payments

The Group's employees were members of five active stock-based incentive compensation plans – the 1990, 1994, 1997, 2001 and 2004 plans – operated by the ultimate parent company, Crown Holdings, Inc., that currently comprise of fixed stock options.

The Group is applying the transitional arrangements of FRS 20 whereby compensation expense for all non-vested share options, measured by the grant-date fair value of the awards, will be charged to the profit and loss account prospectively over the remaining vesting period based on the estimated number of awards that are expected to vest.

Similarly, compensation expense for all future awards will be recognized over the vesting period based on the grant-date fair value and the estimated number of awards that are expected to vest. Compensation expense is recognized over the vesting period on a straight-line basis over the total service period for the entire award. Valuation of awards granted prior to the adoption of the standard were calculated using the Black-Scholes option pricing model and the Group expects to use the same model of valuing future awards.

Details of the share-based payment scheme are set out in note 26.

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Turnover

Turnover represents the invoiced value of sales (excluding VAT, similar sales related taxes and trade discounts) of packaging containers and related services in the normal course of business and is recognised upon despatch of goods, or, where appropriate, on satisfactory delivery of goods to a customer designated location depending on terms of supply

Tangible fixed assets and depreciation

Tangible fixed assets are stated at purchase cost net of accumulated depreciation and provision for impairment in value. Cost includes interest on loans directly related to the funding of construction costs

Depreciation is charged to the profit and loss account on a straight line basis over the estimated useful economic lives of the assets which, for the major categories, are

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

Freehold land and assets in the course of construction are not depreciated

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, based on normal production levels. Provision is made for obsolete, slow moving or defective items where appropriate

Intangible assets

Goodwill represents the excess of the cost of acquisition over the fair value of the separable net assets of businesses acquired. Goodwill is amortised through the profit and loss account on a straight line basis over an estimated useful life of 20 years

Intellectual property is capitalised and amortised through the profit and loss account in equal instalments over an estimated useful life of 20 years

Deferred taxation

The charge for taxation is based on the result for the year and takes into account deferred taxation. Provision is made in full for deferred taxation liabilities that arise from timing differences where transactions or events that result in an obligation to pay more taxation in the future have occurred at the balance sheet date. Deferred taxation assets are recognised to the extent that they are regarded as recoverable

Deferred taxation is measured by 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 taxation assets and liabilities are not discounted

Government grants

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

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

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 included 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 ruling at the balance sheet date Exchange differences arising are included within reserves

Research and development expenditure

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

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

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease

Investments

Fixed asset investments are stated at purchase cost less amounts written off Provision is made for any impairment in value Dividend income from fixed asset investments is recognised in the profit and loss account of the parent company in the year in which it is received

Retirement benefits

The company is a member of both the MetalBox Pension Scheme ('pension scheme'), which comprises both a defined benefit and defined contribution scheme, and the Post-retirement Medical Plan ('medical plan') operated by CarnaudMetalbox Group UK Ltd

The assets of the pension scheme are held separately from the Group's assets in a Trustee administered fund The medical plan is an unfunded scheme

Details of the pension scheme and medical plan for the Group are set out in note 23 to the financial statements

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

2. SEGMENTAL INFORMATION

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

	EU Countries 2006 £M	Rest of Europe 2006 £M	Rest of World 2006 £M	Total Group 2006 £M	Restated EU Countries 2005 £M	Rest of Europe 2005 £M	Rest of World 2005 £M	Restated Total Group 2005 £M
TURNOVER								
Sales to third parties	444.0	4.1	43.4	491.5	527.9	6.3	37.2	571.4
Sales to other members of the Crown Holdings, Inc Group	73.3	0.2	47.9	121.4	68.6	3.0	39.9	111.5
Total	517.3	4.3	91.3	612.9	596.5	9.3	77.1	682.9
Operating (loss)/profit	<u>(10.9)</u>	<u>(0.5)</u>	<u>(2.5)</u>	<u>(13.9)</u>	<u>(22.1)</u>	<u>0.2</u>	<u>0.5</u>	<u>(21.4)</u>
NET OPERATING ASSETS/ (LIABILITIES)	<u>156.8</u>	<u>(15.1)</u>	<u>(9.5)</u>	<u>132.2</u>	<u>74.7</u>	<u>(4.0)</u>	<u>(1.1)</u>	<u>69.6</u>
Reconciliation of net operating assets to the balance sheet								
Net operating assets				132.2				69.6
Intangible fixed assets				266.8				294.0
External and intercompany debt				(111.3)				(98.0)
Net assets				<u>287.7</u>				<u>265.6</u>

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

3. PROFIT ON SALE OF LAND AND BUILDINGS

The Group sold its land and buildings at its Sutton plant in Nottinghamshire in the United Kingdom during the year for a cash consideration of £3.9M and recognised a profit of £2.5M.

The Group sold its land and buildings at Westoughton in June 2003. In 2005, following further criteria in the original sales agreement being met, the Group received a further £3.2M in respect of this 2003 sale, which was recognised as additional profit.

In October 2005 the Group sold the shares of its two plastics operations for a net consideration of £39.4M of which £31.8M was received in cash with the remaining £7.6M settled through intercompany. Net assets disposed of, including goodwill, totalled £60.4M and a loss of £21.0M was recognised in the accounts.

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

4. OPERATING COSTS (NET):

	Total 2006	Restated Continuing Operations 2005	Discontinued Operations 2005	Restated Total 2005
	£M	£M	£M	£M
Change in stocks of finished goods and work in progress	(2.3)	2.3	0.5	2.8
Own work capitalised	(0.6)	(0.4)	-	(0.4)
Other operating charges	35.5	33.7	9.8	43.5
Raw materials and consumables	372.2	344.9	31.3	376.2
Goodwill and intellectual property amortisation	27.4	30.5	-	30.5
Staff costs - wages and salaries	99.9	105.4	11.5	116.9
social security	10.1	9.8	0.8	10.6
cost of employee share option schemes	0.2	0.5	-	0.5
other pension costs	11.3	12.4	0.1	12.5
Depreciation - owned assets	23.3	25.0	4.1	29.1
Depreciation - leased assets	-	0.1	-	0.1
(Gain)/loss on disposal of fixed assets	(0.2)	0.1	-	0.1
Operating lease rentals				
- on plant and machinery	4.2	3.9	1.2	5.1
- other than plant and machinery	2.7	2.9	0.2	3.1
Auditor's remuneration				
- audit of company's financial statements pursuant to legislation	0.3	0.4	-	0.4
- tax services	0.2	0.1	-	0.1
- other services pursuant to legislation	0.1	0.1	-	0.1
Distribution costs	26.0	26.7	3.0	29.7
Selling and marketing costs	1.6	1.5	0.7	2.2
Research and development costs	17.4	18.5	1.5	20.0
Net exchange (gains)/losses	(6.0)	16.4	-	16.4
Post retirement medical benefits	0.2	(0.2)	-	(0.2)
Loss on early redemption of bonds	-	2.0	-	2.0
Redundancy and reorganisation	3.3	3.0	-	3.0
	626.8	639.6	64.7	704.3

Auditor's remuneration for the company was £20,000 (2005 £13,000). No non-audit services were provided to the company (2005 £NIL).

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

4 OPERATING COSTS (NET) (CONTINUED):

Exchange gains/(losses)

The remaining \$107 1M of bonds payable in 2006 were redeemed in the year generating an exchange gain of £6 0M which was recognised in the profit and loss account

The total realised exchange gain on the exit of the \$300m swap in September 2003 was £9 9M. This gain has been apportioned over the period of the swap with the remaining £1 1M recognised in 2006

Gains totalling £7 2M (2005 loss £16 1M) were made on the previously held \$107 1M bonds repaid as a result of exchange movements on US dollar versus GBP. A summary of gains made during the year is

	<u>2006</u> £M	<u>2005</u> £M
<u>Realised</u>		
On redemption of bonds	6.0	(3.5)
On exit on \$300m swap	1.1	4.0
On interest on bonds	<u>0.1</u>	<u>(0.2)</u>
	7.2	0.3
<u>Unrealised</u>		
On outstanding bonds as at 31 December	-	(6.4)
On intercompany loan	-	(11.6)
On accrued interest on intercompany loan	-	1.6
	-	(16.4)
	<u>7.2</u>	<u>(16.1)</u>

5. INTEREST RECEIVABLE

	<u>2006</u> £M	<u>2005</u> £M
Interest receivable		
- on bank and other deposits	1.1	0.5
- on loans to fellow Group companies	<u>4.7</u>	<u>1.4</u>
	<u>5.8</u>	<u>1.9</u>

6. INTEREST PAYABLE

	<u>2006</u> £M	<u>2005</u> £M
On bank loans and overdrafts	6.6	7.9
On securitisation of trade debtors	2.0	1.1
On loans from fellow Group companies	<u>12.7</u>	<u>13.8</u>
	<u>21.3</u>	<u>22.8</u>

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

7. DIRECTORS AND EMPLOYEES

	2006	2005
	Number	Number
Average number of persons, including executive directors, employed by the Group during the period	<u>3,697</u>	<u>4,184</u>
Production and research & development	3,013	3,502
Administrative	<u>684</u>	<u>682</u>
Total	<u>3,697</u>	<u>4,184</u>

Staff costs are disclosed in note 4

	2006	2005
	£'000	£'000

Director's Remuneration

Aggregate emoluments	125	244
Pension cost	<u>12</u>	<u>12</u>
	<u>137</u>	<u>256</u>

	2006	2005
	£'000	£'000

Highest paid UK director

Aggregate emoluments	125	244
Pension cost	<u>12</u>	<u>12</u>
	<u>137</u>	<u>256</u>

During the year, one (2005 one) of the directors accrued benefits under the defined benefit pension scheme

During the year one (2005 one) director exercised share options During the year none (2005 none) of the directors received share options

There are no employees and subsequently no employee costs in the individual entity of Crown UK Holdings Limited, the company

At 31 December 2006 the following amounts relating to the highest paid director were accrued under a defined benefit pension scheme

	2006	2005
	£'000	£'000
Accrued pension entitlement	38	34
Accrued lump sum	<u>175</u>	<u>97</u>

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2006	Restated 2005
	£M	£M
Current tax		
UK corporation tax on profit/(loss) for the year	1.4	(3 3)
Adjustment in respect of prior years	(2.4)	3 3
Overseas tax	0.7	1 2
Total current tax	(0.3)	1 2
Deferred tax		
Origination and reversal of timing differences	0.9	(3 4)
Adjustment in respect of prior years	(5.3)	(0 2)
Post-retirement medical benefits	(0.2)	0 1
Defined benefit pension scheme	6.1	7 0
Total deferred tax	1.5	3 5
Tax on profit/(loss) on ordinary activities	1.2	4 7

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

The tax assessed for the year is lower (2005 higher) than the standard rate of corporation tax in the UK (30%) The differences are explained over page

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts The changes had not been substantively enacted at the balance sheet date and therefore, are not included in these financial statements

The effect of the changes to be enacted in the Finance Act 2007 would be to increase the deferred tax asset recognised at 31 December 2006 by £3 4M in 2007 This £3 4M increase in deferred tax would increase profit for the year by £3 4M and increase other recognised gains by £nil This increase in deferred tax is due to the reduction in the corporation tax rate from 30 per cent to 28 per cent with effect from 1 April 2008 and due to the abolition of balancing adjustments for industrial buildings allowances

The other changes to be enacted would have no further effects on the deferred tax recognised at 31 December 2006

CROWN UK HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)****8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (CONTINUED)**

	<u>2006</u>	<u>Restated</u> <u>2005</u>
	<u>£M</u>	<u>£M</u>
Profit/(loss) on ordinary activities before tax	<u>3.2</u>	<u>(38.1)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 30%)	0.9	(11.4)
Effects of		
Overseas profits/(losses) taxed at different rates	(0.5)	(0.6)
Expenses not deductible for tax purposes	0.3	0.6
Goodwill amortisation	8.1	9.0
Capital disposal	(1.0)	6.5
Dividends received	-	-
Double tax relief on intra-group dividends	0.5	-
Research allowances	(0.5)	(0.6)
Imputed rebate income 2006	1.4	2.6
Stock options exercised 2006	(0.3)	-
ACT utilisation 2006	-	(4.5)
Accelerated capital allowances and other timing differences	(0.9)	3.2
Pension contributions relief in excess of net pension charge	(6.1)	(6.9)
Medical plan contributions relief in excess of net medical plan charge	0.2	-
Adjustments in respect of previous years	(2.4)	3.3
Current tax (credit)/charge for the year	<u>(0.3)</u>	<u>1.2</u>

9. (LOSS)/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 £13.8M (2005 profit restated of £4.0M), which includes dividends receivable from Group undertakings of £1.0M (2005 £19.5M).

CROWN UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

10. INTANGIBLE FIXED ASSETS

Group

	Intellectual Property	Goodwill	Total
	£M	£M	£M
COST			
At 1 January 2006	2.5	542.8	545.3
Additions	0.2	-	0.2
At 31 December 2006	2.7	542.8	545.5
ACCUMULATED AMORTISATION			
At 1 January 2006	1.9	249.4	251.3
Charge for the year	0.2	27.2	27.4
At 31 December 2006	2.1	276.6	278.7
NET BOOK AMOUNT			
At 31 December 2006	0.6	266.2	266.8
At 31 December 2005	0.6	293.4	294.0

The company has no intangible fixed assets

Goodwill and intellectual property is amortised over twenty years which is considered to equate to its useful economic life

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

11. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £M	Leasehold properties £M	Plant and machinery £M	Fixtures, fittings, tools and equipment £M	Total £M
COST					
At 1 January 2006	46.5	0.1	249.2	58.6	354.4
Additions	2.2	-	4.7	1.5	8.4
Disposals	(2.0)	-	(0.2)	(0.1)	(2.3)
Transfers to fellow Group undertakings	-	-	(1.0)	-	(1.0)
Exchange movement	(0.2)	-	(0.7)	(0.9)	(1.8)
At 31 December 2006	46.5	0.1	252.0	59.1	357.7
ACCUMULATED DEPRECIATION					
At 1 January 2006	11.6	0.1	167.9	40.3	219.9
Charge for the year	1.5	-	16.8	5.0	23.3
Disposals	(0.5)	-	(0.3)	(0.1)	(0.9)
Transfers to fellow Group undertakings	-	-	(0.8)	(0.1)	(0.9)
Exchange movement	(0.1)	-	(0.4)	(0.6)	(1.1)
At 31 December 2006	12.5	0.1	183.2	44.5	240.3
NET BOOK AMOUNT					
At 31 December 2006	34.0	-	68.8	14.6	117.4
At 31 December 2005	34.9	-	81.3	18.3	134.5

Freehold land amounting to £9.0M (2005 £9.9M) has not been depreciated

Plant and machinery includes the cost of assets in the course of construction being £7.9M (2005 £5.0M) which are not depreciated until the assets are commissioned

Included in the net book amount of plant and machinery is £0.1M (2005 £0.1M) in respect of assets held under finance lease. There were no additions during the year.

The transfer of fixed assets to fellow Group undertakings took place at net book value.

The company has no tangible fixed assets.

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

12. FIXED ASSET INVESTMENTS

	<u>2006</u>	<u>2005</u>
Company	£M	£M
Shares in Group undertakings		
- subsidiary undertakings	776.2	776 2
	<u>776.2</u>	<u>776 2</u>

The above investments are unlisted

The company's investments comprise

	<u>2006</u>	<u>2005</u>
	£M	£M
CarnaudMetalbox Group UK Ltd	691.2	691 2
CarnaudMetalbox Overseas Ltd	57.7	57 7
Crown Aerosols UK Ltd	25.9	25 9
Crown Cork & Seal Finance Limited	0.1	0 1
CarnaudMetalbox Asia Ltd	1.3	1 3
	<u>776.2</u>	<u>776 2</u>

See note 30 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

Group

	<u>2006</u>	<u>2005</u>
	£M	£M
Shares in Group undertakings	<u>1.3</u>	<u>1 3</u>

This represents a share of 0.99% (2005 0.99%) in the equity of Crown Asia Pacific Holdings Limited

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

13. STOCKS

	Group 2006	Company 2006	Group 2005	Company 2005
	£M	£M	£M	£M
Raw materials and consumables	24.2	-	24.0	-
Work-in-progress	15.0	-	10.4	-
Finished goods and goods for resale	25.0	-	27.3	-
	<u>64.2</u>	<u>-</u>	<u>61.7</u>	<u>-</u>

In the opinion of the directors, the current replacement cost of stocks is not materially different from the amounts stated above

14. DEBTORS

	Group 2006	Company 2006	Group 2005	Company 2005
	£M	£M	£M	£M
Amounts falling due within one year:				
Trade debtors	43.7	-	39.4	-
Amounts owed by Group undertakings	51.0	-	108.2	-
Corporation tax	-	7.3	-	7.6
Other debtors	12.0	-	12.1	-
Prepayments and accrued income	2.6	-	2.9	-
	<u>109.3</u>	<u>7.3</u>	<u>162.6</u>	<u>7.6</u>

Amounts owed by fellow Group undertakings are unsecured and have no fixed repayment date
There is no interest charged on amounts owed by fellow UK Group undertakings

15. DEBTORS: Amounts falling due after more than one year

Deferred tax asset/(liability) excluding deferred tax on pension and medical plan

	Group 2006	Group 2005
	£M	£M
At 1 January 2006 as previously reported	(10.7)	(16.8)
Prior year adjustment – FRS 20	0.1	-
At 1 January 2006 as restated	(10.6)	(16.8)
Credit for the period	17.4	2.9
Disposal of operations	-	3.3
Exchange movement	0.2	-
At 31 December 2006	<u>7.0</u>	<u>(10.6)</u>

The company has no deferred tax assets or liabilities

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

15. DEBTORS: Amounts falling due after more than one year (Continued)

The deferred tax asset, which has been recognised in full comprises

	Amount provided 2006 £M	Restated Amount provided 2005 £M
Excess of capital allowances over depreciation	(7.6)	(12.1)
Other timing differences	6.5	1.5
Advanced corporation tax	8.1	-
	7.0	(10.6)

Deferred taxation is not provided on the accumulated reserves of overseas subsidiaries since the amounts involved are not material. The company has no un-provided deferred taxation.

The Group has recognised its Advance Corporation Tax asset on the Balance Sheet as at 31 December 2006 on the basis that it is considered more likely than not that there will be future corporation tax liabilities arising in the Group against which the surplus Advanced Corporation tax can be set.

16. CREDITORS: Amounts falling due within one year

	Group 2006 £M	Company 2006 £M	Group 2005 £M	Company 2005 £M
Bank loans and overdrafts	30.9	23.0	11.0	-
Trade creditors	111.8	-	95.4	-
Amounts owed to Group undertakings	138.4	297.6	149.5	307.0
Amounts due in respect of securitised debtors	37.7	-	37.9	-
\$107.1M fixed rate 7% bonds payable in 2006	-	-	62.3	-
Corporation tax	3.3	-	1.1	-
Other taxation and social security	3.6	-	3.9	-
Other creditors and accruals	36.7	-	42.4	0.1
	362.4	320.6	403.5	307.1

The bank loans and overdrafts are unsecured and bear interest at rates which fluctuate in line with the inter-bank rate and vary by country.

Amounts due to fellow undertakings are unsecured and have no fixed repayment date. There is no interest charged on amounts due to fellow UK Group undertakings.

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

16. CREDITORS: Amounts falling due within one year (Continued)

Trading balances within the group do not incur an interest charge. Amounts owed to the Group finance company accrue interest at EURIBOR + 1.5%, being the group's cost of capital.

Amounts due in respect of securitised debtors include cash advances received from BNP Paribas. These amounts are secured on the trade debtors of the Group as at 25 December 2006 and on cash received from securitised debtors between this date and the year-end. The debtors on which this loan is secured are reflected in the Group's Balance Sheet. Interest is payable on these balances at a rate of Euribor plus 1% for the term of the loan on each individual securitised trade debtor balance.

17. CREDITORS: Amounts falling due after more than one year

	Group 2006 £M	Company 2006 £M	Group 2005 £M	Company 2005 £M
Finance lease obligation	-	-	0.1	-
Other creditors and accruals – government grant	0.3	-	0.3	-
	0.3	-	0.4	-

Analysis of debt maturity

	Bank loans and overdrafts 2006 £M	Finance leases 2006 £M	Other loans 2006 £M	Bonds 2006 £M	Total 2006 £M
Group					
Amounts payable					
In one year or less	30.9	-	37.7	-	68.6

	Bank loans and overdrafts 2005 £M	Finance leases 2005 £M	Other loans 2005 £M	Bonds 2005 £M	Total 2005 £M
Group					
Amounts payable					
In one year or less	11.0	-	37.9	62.3	111.2
Between two and five years	-	0.1	-	-	0.1
	11.0	0.1	37.9	62.3	111.3

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

18. PROVISIONS FOR LIABILITIES AND CHARGES:

Group	Deferred taxation £M	Redundancy and rationalisation provisions £M	Warranty provision £M	Onerous lease provision £M	Other provisions £M	Total £M
At 1 January 2006 (as previously reported)	10.7	3.2	0.3	0.4	0.8	15.4
Prior year adjustment – FRS 20	(0.1)	-	-	-	-	(0.1)
At 1 January 2006 as restated	10.6	3.2	0.3	0.4	0.8	15.3
Charge for the period	-	1.9	0.2	0.2	0.6	2.9
Utilised during the period	-	(3.2)	-	-	(0.1)	(3.3)
Reclassification to debtors	(10.6)	-	-	-	-	(10.6)
At 31 December 2006	-	1.9	0.5	0.6	1.3	4.3

The remaining redundancy and rationalisation provision is expected to be fully utilised in 2007. The onerous lease provision is in respect of property rental agreements that are currently not sublet and that expire in 2012 and 2017. The provision for onerous leases is discounted. The warranty provision is to cover claims made by customers. The provision is held for a twelve month period or until a claim is received. The warranty provision has not been discounted.

Other provisions include a provision for pension guarantees and a provision for employee claims.

19. CALLED-UP SHARE CAPITAL

	Authorised 2006 £	Allotted, issued and fully paid 2006 £	Authorised 2005 £	Allotted, issued and fully paid 2005 £
Ordinary shares of £1 each	500,000	390,880	500,000	390,880

CROWN UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

20. RESERVES

Group	Share capital £M	Share premium £M	Profit and loss account £M	Total £M
At 1 January 2006 as previously reported	0.4	491.5	(226.6)	265.3
Prior year adjustment - FRS 20 (note 26)	-	-	0.1	0.1
At 1 January 2006 as restated	0.4	491.5	(226.5)	265.4
Profit for the financial year			2.0	2.0
Equity share option charge			0.2	0.2
Exchange movement			(3.3)	(3.3)
Actuarial gain on pension scheme			33.0	33.0
Actuarial gain on medical plan			0.2	0.2
Movement on deferred tax relating to pension scheme			(9.9)	(9.9)
Movement on deferred tax relating to medical plan			(0.1)	(0.1)
At 31 December 2006	0.4	491.5	(204.4)	287.5
Pension asset			(91.3)	
Profit and loss deficit excluding pension asset			(295.7)	

Company	Share capital £M	Share premium £M	Other reserves £M	Profit and loss account £M	Total £M
At 1 January 2006 as previously reported	0.4	491.5	1.4	7.3	500.6
Prior year adjustment – FRS17	-	-	-	(23.9)	(23.9)
At 1 January 2006 as restated	0.4	491.5	1.4	(16.6)	476.7
Loss for the financial year				(13.8)	(13.8)
At 31 December 2006	0.4	491.5	1.4	(30.4)	462.9

In the prior year the net pension asset recorded in the Group accounts was also recorded in the company's accounts. This pension asset was removed from the company's accounts in the current year giving rise to a prior year adjustment of £23.9m.

Under FRS 17, "Retirement Benefits", the defined benefit pension scheme is accounted for as a defined contribution scheme as the company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis.

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2006 £M	Company 2006 £M	Group 2005 £M	Company 2005 £M
Profit/(loss) for the financial period as previously reported	2.0	(14.8)	(42.4)	0.9
Prior year adjustment – FRS 17 (note 20)	-	-	-	(16.4)
Prior year adjustment – FRS 20 (note 26)	-	-	(0.4)	-
Profit/(loss) for the financial period as restated	2.0	(14.8)	(42.8)	(15.5)
Dividends	-	1.0	-	19.5
Equity share option charge	0.2	-	0.5	-
Currency translation differences on foreign currency and net investments	(3.3)	-	1.1	-
Actuarial gain/(loss) on pension scheme (note 23)	33.0	-	(52.2)	-
Actuarial gain/(loss) on medical plan (note 23)	0.2	-	(0.9)	-
Movement on deferred tax relating to pension scheme	(9.9)	-	15.7	-
Movement on deferred tax relating to medical plan	(0.1)	-	0.3	-
Net increase/(reduction) to shareholders' funds	22.1	(13.8)	(78.3)	4.0
Opening shareholders' funds as previously reported	265.4	500.6	343.7	516.7
Prior year adjustment – FRS 17 (note 20)	-	(23.9)	-	(44)
Opening shareholders funds as restated	265.4	476.7	343.7	472.7
Closing shareholders' funds	287.5	462.9	265.4	476.7

22. CASH FLOW STATEMENT

a) RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2006 £M	Restated 2005 £M
Operating loss	(13.9)	(21.4)
Exceptional items		
- Loss on sale of operations	-	(21.0)
- Profit on sale of land and buildings	2.5	3.2
Employee share option scheme	0.2	0.5
Net pension and medical plan related (costs)/income	(33.0)	20.5
Profit on disposal of fixed assets	0.2	0.1
Depreciation and amortisation	50.7	59.7
Increase in stocks	(3.8)	(3.7)
Decrease/(increase) in debtors	52.7	(56.9)
(Decrease)/increase in creditors	(1.5)	39.4
Decrease in provisions	(3.3)	(0.8)
Net cash inflow from Continuing operating activities	50.8	19.6

CROWN UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

22. CASH FLOW STATEMENT (CONTINUED)

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

	<u>2006</u> £M	<u>2005</u> £M
Net debt at 1 January	(96.9)	(106.4)
Decrease in net debt	33.3	9.5
Net debt at 31 December	<u>(63.6)</u>	<u>(96.9)</u>

c) RECONCILIATION OF MOVEMENT IN NET DEBT

	<u>At 1 January 2006 £M</u>	<u>Reclassi- fication £M</u>	<u>Cash flow £M</u>	<u>At 31 December 2006 £M</u>
Cash at bank and in hand	14.4	-	(9.4)	5.0
Debt due after more than one year	(0.1)	0.1	-	-
Debt due within one year	<u>(111.2)</u>	<u>(0.1)</u>	<u>42.7</u>	<u>(68.6)</u>
TOTAL	<u>(96.9)</u>	<u>-</u>	<u>33.3</u>	<u>(63.6)</u>

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

23. PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS

The Group operates a pension plan and a retiree medical plan in the UK. The defined benefit section of the pension plan was closed in 2001 and a defined contribution section was opened for new entrants. The profit and loss entries include the cost of the defined contribution section. The contribution account balances are excluded from the plan assets and liabilities.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension scheme 2006	Defined benefit pension scheme 2005	Medical benefit plan 2006	Medical benefit plan 2005
	£M	£M	£M	£M
Present value of funded obligations	1,459.7	1,485.5	-	-
Fair value of plan assets	(1,590.1)	(1,519.7)	-	-
Present value of Unfunded obligations	-	-	10.8	10.9
Total (surplus)/deficit	(130.4)	(34.2)	10.8	10.9
Related deferred tax liability/(asset)	39.1	10.3	(3.2)	(3.3)
Net (surplus)/deficit	(91.3)	(23.9)	7.6	7.6

The amounts recognised are as follows:

	Defined benefit pension scheme 2006	Defined benefit pension scheme 2005	Medical benefit plan 2006	Medical benefit plan 2005
	£M	£M	£M	£M
Operating profit				
Current service cost	14.6	13.2	0.1	0.1
Settlements/curtailments	-	(1.9)	-	(0.3)
Total operating charge	14.6	11.3	0.1	(0.2)
Other finance income				
Interest on obligations	69.0	69.2	0.5	0.5
Expected return on assets	(99.6)	(91.6)	-	-
Net return	(30.6)	(22.4)	0.5	0.5
Statement of total recognised gains and losses				
Actuarial (gain)/loss	(33.0)	52.2	(0.2)	0.9

CROWN UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

**23. PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS
(CONTINUED)**

Changes in the present value of the defined benefit obligation are as follows

	Defined benefit pension scheme 2006 £M	Defined benefit pension scheme 2005 £M	Medical benefit plan 2006 £M	Medical benefit plan 2005 £M
Opening defined benefit obligation	1,485.5	1,333.1	10.9	10.3
Service cost	14.6	13.2	0.1	0.1
Interest cost	69.0	69.2	0.5	0.5
Actuarial (gains)/losses	(35.6)	139.1	(0.2)	0.9
Gains on settlements and curtailments	-	(1.9)	-	(0.3)
Benefits paid	(73.8)	(67.2)	(0.5)	(0.6)
Closing defined benefit obligation	1,459.7	1,485.5	10.8	10.9

As the scheme is closed to new entrants, the current service cost will increase as members approach retirement

Changes in the fair value plan assets:

	Defined benefit pension scheme 2006 £M	Defined benefit pension scheme 2005 £M
Opening fair value of plan assets	1,519.7	1,396.5
Expected return	99.6	91.6
Actuarial gains and (losses)	(2.6)	82.4
Contributions by employer	43.3	11.9
Contributions by employees	3.9	4.5
Benefits paid	(73.8)	(67.2)
Closing fair value of plan assets	1,590.1	1,519.7

The group expects to contribute £10M to the defined benefit pension plan in 2007

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

23. PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The major categories of plan assets as a percentage of total plan assets are as follows:

	Defined benefit pension scheme 2006	Defined benefit pension scheme 2005
Global equities	25%	27%
Fixed interest bonds	33%	40%
Index linked bonds	20%	16%
Real estate	9%	8%
Alternative investments	13%	9%
Total	100%	100%

Principal actuarial assumptions at the balance sheet date:

	Defined benefit pension scheme 2006	Defined benefit pension scheme 2005	Medical benefit plan 2006	Medical benefit plan 2005
Discount rate at 31 December	5.25%	4.75%	5.25%	4.75%
Expected return at 31 December	7.00%	6.67%		
Future salary increases*	3.50%	3.25%		
Future pension increases	3.00%	2.75%		
Future price inflation	3.00%	2.75%	3.00%	2.75%
Annual increase in company paid retiree medical premium			4.75%	4.50%

*excluding the age related increases

Post retirement mortality is based on recent tables published by the Institute and Faculty of Actuaries, with due allowance for expected improvements in longevity

The expected return is determined at each measurement date based on a review of the actual plan assets, the target allocation, and the historical returns of the capital markets, adjusted for current interest rates as appropriate

Ordinarily the assumptions for healthcare cost trend rates leads to great uncertainty in the projected amounts recognised. For Crown Holdings UK Limited, however, this variability is mitigated by the cost to the company being limited to 5% per annum

CROWN UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)**

**23. PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS
(CONTINUED)**

Amounts for the current and previous four periods are as follows

Defined benefit pension plan

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
	£M	£M	£M	£M	£M
Defined benefit obligation	1,459.7	1,485.5	1,333.1	1,258.6	1,185.0
Plan assets	1,590.1	1,519.7	1,396.5	1,315.8	1,220.0
Surplus	130.4	34.2	63.4	57.2	35.0
Experienced adjustment on plan liabilities	-	-	9.0	11.0	(13.0)
Experienced adjustments on plan assets	(2.6)	82.4	39.0	69.0	(144.0)

Retiree medical benefit plan

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
	£M	£M	£M	£M	£M
Defined benefit obligation	10.7	10.9	10.3	11.9	11.7
Experience adjustments on plan liabilities	(0.1)	0.1	1.6	(0.1)	(0.5)

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

24. CAPITAL COMMITMENTS

	Group 2006	Company 2006	Group 2005	Company 2005
	£M	£M	£M	£M
Capital expenditure contracted for but not provided for in the accounts	<u>1.2</u>	<u>-</u>	<u>0.1</u>	<u>-</u>

25. OTHER FINANCIAL COMMITMENTS

At 31 December 2006 the company had annual commitments under non-cancellable operating leases expiring as follows

	Land and Buildings 2006	Other 2006	Land and Buildings 2005	Other 2005
	£M	£M	£M	£M
Within 1 year	-	1.0	-	1.0
Between 2-5 years	-	3.6	-	3.1
Over 5 years	1.8	-	1.8	0.1
Total	<u>1.8</u>	<u>4.6</u>	<u>1.8</u>	<u>4.2</u>

26. SHARE-BASED PAYMENTS

Share options

At 31 December 2006, the Company's employees were members of five active stock-based incentive compensation plans – the 1990, 1994, 1997, 2001 and 2004 plans – operated by the ultimate parent company, Crown Holdings, Inc. The plans provide for the granting of awards in the form of stock options, deferred stock, restricted stock or stock appreciation rights ("SARs") and may be subject to the achievement of certain performance goals as determined by the Plan Committee designated by the Board of Directors. There were no issuances of deferred stock or SARs under any of the plans as of 31 December 2006. As of 31 December 2006, there were no further shares available for awards under the 2004 plan, and no shares were available under the other four plans. The 2004 plan expires in April 2009. Shares awarded are generally issued from the ultimate parent Company's treasury shares.

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

26. SHARE-BASED PAYMENTS (CONTINUED)

A reconciliation of option movements over the year to 31 December 2006 is shown below

	2006		2005	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at start of year	771,408	9.5275	1,041,371	8.5275
Exercised	(211,700)	4.1685	(235,963)	3.4286
Forfeited	-	-	(6,250)	4.7253
Expired	(174,150)	22.8207	(27,750)	24.9835
Outstanding at end of year	385,558	6.2609	771,408	9.5275
Exercisable at end of year	365,558	6.3424	643,283	10.4835

There were no options granted in the year ended 31 December 2006 (2005 nil)

For options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life are as follows

Range of exercise prices £	Number of shares outstanding (000's)	2006		Number of shares outstanding (000's)	2005	
		Weighted average remaining contractual life Years	Weighted average exercise price £		Weighted average remaining contractual life Years	Weighted average exercise price £
2.31	87	3.59	2.31	153	4.59	2.31
3.95 – 4.04	15	6.60	3.95	25	4.58	3.98
4.67	182	6.98	4.67	292	8.12	4.67
4.76 – 10.77	50	7.15	4.76	112	6.15	7.00
10.77 – 17.70	21	2.98	10.77	7	1.75	16.67
17.70 – 23.98	3	2.3	17.70	150	0.27	23.98
26.80	8	1.09	26.80	5	2.09	26.80
29.04	20	1.23	29.04	27	1.66	29.04

The share options are granted in US\$ but have been translated into GBP sterling for the purposes of this disclosure

The total charge for the year relating to employee share based payment plans was £207k (2005 £500k), all of which related to equity-settled share based payment transactions. After deferred tax, the total charge was £145k (2005 £350k)

Outstanding stock options have a contractual term of ten years, are fixed-price and non-qualified, and vest either semi-annually or annually between six months and four years from the date of grant

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

26. SHARE-BASED PAYMENTS (CONTINUED)

At 31 December 2006, shares that were fully vested or expected to vest had an aggregate intrinsic value (which is the amount by which the stock price exceeded the exercise price of the options as of 31 December 2006) of £2.8m and a weighted-average remaining contractual term of 5.2 years, and shares exercisable had an aggregate intrinsic value of £2.6m and a weighted-average remaining contractual term of 5.1 years.

Outstanding stock options were valued at their grant-date fair value using the Black-Scholes option pricing model. Valuations incorporate several variables, including expected term, volatility, a risk-free interest rate and employee termination behaviour ("forfeiture rate"). The expected term (which is the timeframe under which an award is exercised after grant) is derived from historical data about participant exercise patterns. Volatility is the expected fluctuation of the Company's stock price in the market and is derived from historical data about the Company's stock price. The risk-free interest rate is the U.S. Treasury yield curve rate in effect at the date of the grant which has a contractual life similar to the option's expected term. The forfeiture rate is based on historical data of the forfeiture of non-vested share-based awards through the termination of service by plan participants. Based on historical data, the Company estimated the forfeiture rate on non-vested awards to be approximately three percent at 31 December 2006.

Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. The assumptions used in the calculation are as follows:

	2006	2005
Risk free interest rate	4.2%	3.2%
Expected life of options (years)	4.0	4.2
Expected stock price volatility	29.9%	61.8%

27. CONTINGENT LIABILITIES

Bank and other guarantees in respect of Group pooling given by the Group amounted to £6.2M (2005 restated £6.8M). The prior year balance has been restated to include a rent guarantee, the information of which was not available at the time of the preparation of the 2005 financial statements.

The indemnities which arose in the normal course of business, are not expected to result in any material loss.

There is a fixed charge over the company's fixed assets, and a floating charge over the company's current assets which supports the Group's external funding.

In accordance with Section 17 of the Companies (Amendment) Act, 1986, the company has guaranteed the liabilities of Crown Packaging Ireland Limited, a subsidiary undertaking registered in Ireland. As a result Crown Packaging Ireland Limited has been exempted from the provision of Section 7 of the Companies (Amendment) Act, 1986 in Ireland.

CROWN UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

28. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under paragraph 3 (c) from the provisions of FRS 8, "Related Party Disclosures" which requires the disclosure of the details of material transactions between the reporting entity and any related parties, on the grounds that it is a wholly owned subsidiary of a group headed by Crown Holdings, Inc whose accounts are publicly available. Accordingly the company has not therefore disclosed transactions with members of the Crown Holdings, Inc Group.

29. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking and controlling party is Crown Canadian Holdings ULC, a company incorporated in Canada. The ultimate parent company and controlling party is Crown Holdings, Inc which is incorporated in the USA.

The only group for which consolidated accounts are prepared, and which include the accounts of the company, are Crown Holdings, Inc.

Copies of the Group accounts of Crown Holdings, Inc which are publicly available may be obtained from The Company Secretary, CarnaudMetalbox Group UK Ltd, Downsview Road, Wantage, Oxon OX12 9BP.

30. 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 Limited owns directly or indirectly 100% of the ordinary issued 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 accounts.

	Country of operation and incorporation	Nature of business
CarnaudMetalbox Group UK Ltd	UK	Holding Company
Crown Aerosols UK Ltd	UK	Packaging
Crown Cork & Seal Finance Limited	UK	Finance
Crown Packaging UK Plc	* UK	Packaging
CarnaudMetalbox Overseas Ltd	UK	Holding Company
Crown Packaging Ireland Ltd	* Ireland	Packaging
Crown Speciality Packaging UK Limited	* UK	Packaging
CarnaudMetalbox Engineering Limited	* UK	Packaging
CarnaudMetalbox Food South Africa PTY Ltd	* South Africa	Packaging
Crown Packaging Polska Sp Z O O	* Poland	Packaging
Crown Packaging Jamaica Ltd	* Jamaica	Packaging
Crown Packaging Trinidad Ltd (91.01%)	* Trinidad	Packaging
CarnaudMetalbox Barbados Ltd	* Barbados	Packaging