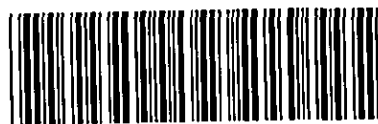


Coors Brewers Limited

**Annual report and financial statements
for the period ended 30 December 2006**

Registered number 26018

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Directors' report

For the 53 week period ended 30 December 2006

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the 53 week period ended 30 December 2006

Principal activities

The principal activities of the company comprise malting, brewing, packaging and the supply of beer, wines, spirits and soft drinks

Business review

Coors Brewers Limited (CBL) is the United Kingdom's second-largest beer company with owned brand unit volume sales of approximately 7.3 million UK barrels in 2006. CBL has an approximate 21% share of the UK beer market, Western Europe's second-largest market. Sales are primarily in England and Wales, with the Carling brand (a mainstream lager) representing more than three quarters of CBL's total beer volume. Additionally, we have a joint venture arrangement for the production and distribution of Grolsch in the United Kingdom and Republic of Ireland, factored brand sales (beverage brands owned by other companies, but sold and delivered to retail by CBL), and our joint venture arrangement with DHL (formerly Exel Logistics) for the distribution of products throughout Great Britain.

Turnover for CBL decreased by 4.0% in 2006, while volume increased by 0.6%. The 53rd week in 2006 contributed approximately 100 thousand barrels of sales volume, providing the period-over-period increase. The 52 week volume decline was driven by premium lagers, flavoured alcoholic beverages (FABs) and ales. This decline was partially offset by growth of the Carling brand. CBL's overall volume increase for the period drove a slight market share increase for the company versus an overall industry decline.

Beer volume in our on-premise business, which represents approximately two-thirds of our volume and an even greater proportion of our margin, declined by slightly more than 2% compared to 2005. This compared to an overall industry on-premise channel decline of 4.3% yielding a small market share gain for CBL. Our off-premise volume for 2006 increased by approximately 2% over 2005, with Carling accounting for most of the gain. We experienced a small off-premise market share decline in 2006.

In addition to the volume trends mentioned above, we experienced unfavourable pricing in both the on-premise and the off-premise channels and a decrease in the sales value of factored brands. These reductions were compounded by unfavourable channel and brand mix.

We have been very successful in reducing costs and achieved total cost savings of more than £22.0 million in 2006, which were delivered above our initial expectations and helped to offset the margin loss that our business sustained during the course of the period. This contributed substantially to our earnings performance in a very challenging 2006 market and is strengthening the competitive position of this business for the future. The competitive environment in the UK beer industry continues to be challenging with a difficult retail environment caused by pressure on consumer spending from increased taxes, interest rates and utility prices that have collectively impacted disposable incomes. Industry economics also continue to exert downward pressure on pricing, driven by retailer consolidation and supplier over-capacity. The overall competitive environment in the UK is likely to worsen in 2007 as smoking bans are implemented in all of the country by mid-year. Also, our cost savings opportunities are becoming smaller and more difficult to achieve versus the past two periods. We have three main strategies to address these challenges.

Directors' report (continued)

We implemented cost reduction initiatives during 2006 and will implement further initiatives during 2007. Early in 2007, we also anticipate a modest flow-through of cost savings implemented in the first half of 2006. Cost savings have less of a year on year impact as we lap the performance of 2006.

We will continue to invest heavily behind our core lager brands - Carling, Grolsch and Coors Fine Light. We have increased advertising spending around Carling as part of our new marketing campaign and have received positive consumer feedback to our outdoor and television advertising. In 2006 we continued to expand Carling C2, including a launch into the UK off-premise channel in the fourth quarter. C2 is a mid-strength lager, that meets changing consumer preferences and lifestyles.

In on-trade retail outlets we continue to roll out our new cold-dispense technologies and distinctive above-bar fonts. This rollout extends our cold platform beyond Carling for a broad group of our strategic brands as we aim to maintain our leadership in cold dispense. This leading retail innovation is driving sales with current retailers, along with increased distribution via new retail outlets. During 2006 we installed 14,000 cold dispense points and have seen positive results in those outlets.

Profit on ordinary activities before taxation saw a period on period decline of £22.6m (25%) primarily driven by the impact of the adoption of Financial Reporting Standard 17 "Retirement benefits" which was implemented during the period. This has caused a decreased profit on ordinary activities by £22.1m. This comprises a period on period increase staff costs of £33.1m, which was the result of a one-time pension benefit recognised in 2005, offset by an increase to other finance income of £11m.

We face an on-premise smoking ban in three of our markets beginning in 2007, in Wales on April 30, Northern Ireland on April 30 and in England on July 1. We expect this to be detrimental to the on-premise channel in the short term but potentially to increase the size of the off-premise market as smokers adjust to the ban. This shift to the lower-margin off-premise channel likely will offset only a portion of the negative on-premise volume and profit impact, so the overall impact on volume and margin will still be negative in 2007. Our experience in other markets has been that on-premise sales usually recover at least partially in the years following the implementation of a local smoking ban.

As a part of our ongoing cost reduction efforts across the organisation, we expect to incur further restructuring costs in 2007. These costs, which largely relate to employee severance, are expected to have a payback period of approximately one and a half years.

Industry pricing continues to be the most important source of margin pressure in the UK beer business in both the on- and off-premise. The UK business is managing pricing by channel, in the context of local competition, while staying focused on our core strategy of building strong brands for the long term.

Principal risks

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company are set out below. Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the company.

Directors' report (continued)

Consolidation of pubs and growth in the size of pub chains in the United Kingdom could result in less ability to achieve favourable pricing. The trend toward consolidation of pubs, away from independent pub and club operations, is continuing in the United Kingdom. These larger entities have stronger price negotiating power, which could impact CBL's ability to obtain favourable pricing in the on-premise channel (due to spill over effect of reduced negotiating leverage) and could reduce our revenues and profit margins. In addition, these larger customers continue to move to purchasing directly more of the products that, in the past, we have provided as part of our factored business. Further consolidation could impact us adversely.

We depend exclusively on one logistics provider in England, Wales and Scotland for distribution of our CBL products. We have a joint venture with DHL called Tradeteam. Tradeteam handles all of the physical distribution for CBL in England, Wales and Scotland, except where a different distribution system is requested by a customer. If Tradeteam were unable to continue distribution of our product and we were unable to find a suitable replacement in a timely manner, we could experience significant disruptions in our business that could have an adverse financial impact.

Sales volume trends in the UK brewing industry reflect movement from on-premise locations to off-premise locations, a trend which unfavourably impacts our profitability. We have noted in recent years that beer volume sales in the UK have been shifting from pubs and restaurants (on-premise) to retail stores (off-premise), for the industry in general. The progression to a ban on smoking in pubs and restaurants across the whole of the UK anticipated through 2007 is likely to accelerate this trend. Margins on sales to off-premise customers tend to be lower than margins on sales to on-premise customers, hence these trends could adversely impact our profitability.

Our success as a business depends largely on the success of one primary product in a mature market; failure or weakening could materially adversely affect our financial results. Although we currently have a variety of different products in our portfolio, Carling lager is the best-selling brand in the United Kingdom and represented more than 77% of our sales volume in 2006. Any material shift in consumer preferences away from this brand, or from the categories in which it competes, would have a disproportionately large adverse impact on our business.

Results and dividends

The audited financial statements for the period ended 30 December 2006 are set out on pages 9 to 31. The profit for the period, before taxation amounted to £69,022,000 (2005 as restated - £91,589,000). Taxation for the period was a charge of £21,632,000 (2005 as restated - £25,028,000).

During the period no dividends (2005 - £37,251,000) were paid to Coors Holdings Limited, the immediate parent company.

Directors and their interests

The directors who served during the period and subsequently were as follows:

M D Thomas
J S Holberry
S Glendinning
S Davies
P S Swinburn
K Donald
K J Brownsey (Resigned 25/05/2006)

Directors' report (continued)

None of the Directors had any interest in the shares of the company during the period

There are no directors' interests in Molson Coors Brewing Company requiring disclosures under the Companies Act 1985 as a result of applying the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985

Supplier payment policy

The company's policy is to agree terms of payment with suppliers when agreeing the terms of each transaction, ensuring that suppliers are made aware of the terms of payment, and to abide by the terms of payment. Trade creditors of the company at 30 December 2006 were equivalent to 59 days' purchases (2005 - 56 days), based on the average daily amount invoiced by suppliers during the period

Disabled employees

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

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, the company magazine and the internal communications website. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Fixed assets

Details of the company's fixed assets are given in note 10. The breweries and the maltings are considered to be specialised properties where a market value is not available.

Research and development

Research in the brewing business is concentrated on the development of new products and dispense technologies capable of generating greater turnover.

Charitable and political contributions

During the period the company made no charitable or political donations (2005 - None)

Post balance sheet event

On 12 April 2007 the Molson Coors Brewing Company group undertook a group restructure project which resulted in a reorganisation of group company ownership structures (see note 20)

On the 20th of February 2007 CBL purchased the entire keg population that was formerly managed by a service provider, Brewers Logistics Management Limited, for consideration of £45,972,110 (see note 20)

Directors' report (continued)

Provision of information to auditors

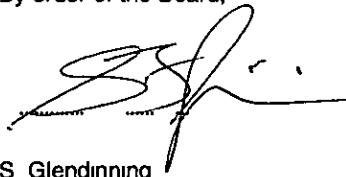
As far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that ought to have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the next Annual General Meeting

137 High Street
Burton upon Trent
DE14 1JZ

By order of the Board,

A handwritten signature in dark ink, appearing to be 'S. Glendinning', written over a horizontal line.

Name S Glendinning

Date 1st June 2007

Directors' responsibilities

For the 53 week period ended 30 December 2006

Financial statements, including adoption of going concern basis

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements

In preparing the 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, and state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

Other matters

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent Auditors' report
For the 53 week period ended 30 December 2006

To the members of Coors Brewers Limited

We have audited the financial statements of Coors Brewers Limited for the 53 week period ended 30 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

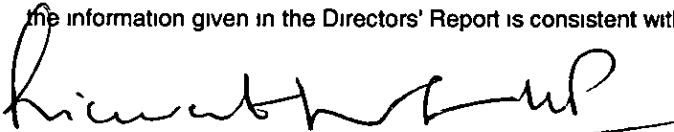
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Independent auditors' report (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 December 2006 and of its profit for the period 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

Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Date 1st June 2007

Profit and loss account

For the 53 week period ended 30 December 2006

	Notes	53 weeks 2006 £'000	52 weeks 2005 (As restated*) £'000
Turnover	1	1,361,503	1,417,105
Costs and overheads, less other income	2	<u>(1,333,145)</u>	<u>(1,349,513)</u>
Operating profit		28,358	67,592
Profit on sale of tangible fixed assets	4	4,042	952
Profit on ordinary activities before finance charges		<u>32,400</u>	<u>68,544</u>
Other interest receivable and similar income		25,021	21,135
Interest payable and similar charges	5	(2,769)	(1,480)
Other finance income	6	14,370	3,390
Profit on ordinary activities before taxation		<u>69,022</u>	<u>91,589</u>
Tax on profit on ordinary activities	7	(21,632)	(25,028)
Profit on ordinary activities after taxation		<u>47,390</u>	<u>66,561</u>
Dividends	8	-	(37,251)
Profit for the period		<u>47,390</u>	<u>29,310</u>

The above results relate to continuing operations

The accompanying notes are an integral part of this profit and loss account

* The results for the 52 week period ended 24 December 2005 have been restated on full adoption of FRS 17 "Retirement benefits"

Statement of total recognised gains and losses
For the 53 week period ended 30 December 2006

	Notes	53 week period ended 30 December 2006 £'000	52 week period ended 24 December 2005 (As restated) £'000
Profit on ordinary activities after taxation		47,390	66,561
Actuarial gain on pension scheme	6	93,360	370
Movement on deferred tax relating to pension deficit		(28,008)	(111)
Total gains relating to the period		112,742	66,820
Prior period adjustment - FRS 17	18	(114,631)	
Total losses recognised since last annual report		(1,889)	

Note of historical cost profits and losses
For the 53 week period ended 30 December 2006

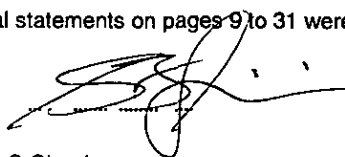
		53 week period ended 30 December 2006 £'000	52 week period ended 24 December 2005 (As restated) £'000
Reported profit on ordinary activities before taxation		69,022	91,589
Difference between the historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	7		(24)
Historical cost profit on ordinary activities before taxation		69,029	91,565
Historical cost profit for the period after taxation and dividends		47,397	29,286

The accompanying notes are an integral part of this statement of total recognised gains and losses and note of historical cost profits and losses

Balance sheet
30 December 2006

	Notes	2006 £'000	2005 (As restated) £'000
Fixed assets			
Goodwill	9	5,833	6,226
Tangible assets	10	205,183	222,454
Investments	11	<u>96,211</u>	<u>101,787</u>
		<u>307,227</u>	<u>330,467</u>
Current assets			
Stocks	12	58,955	53,724
Debtors	13	754,837	728,790
Cash at bank and in hand		<u>8,077</u>	<u>-</u>
		821,869	782,514
Creditors Amounts falling due within one year	14	<u>(340,349)</u>	<u>(369,265)</u>
Net current assets		<u>481,520</u>	<u>413,249</u>
Total assets less current liabilities		<u>788,747</u>	<u>743,716</u>
Creditors Amounts falling due after more than one year	15	(54,686)	(36,565)
Provisions for liabilities and charges	16	(16,152)	(21,764)
Net assets excluding pension liability		<u>717,909</u>	<u>685,387</u>
Net pension liability	6	(5,271)	(85,491)
Net assets including pension liability		<u>712,638</u>	<u>599,896</u>
Capital and reserves			
Called-up share capital	17	1,722	1,722
Share premium account	18	598,278	598,278
Revaluation reserve	18	775	782
Profit and loss account	18	111,863	(886)
Shareholders' funds		<u>712,638</u>	<u>599,896</u>

The financial statements on pages 9 to 31 were approved by the board on 1st June 2007 and signed on its behalf by



Name S Glendinning
Date 1st June 2007

The accompanying notes are an integral part of this balance sheet

Reconciliation of Movement in shareholders' funds
30 December 2006

		53 week period ended 2006 £'000	52 week period ended 2005 £'000
	Note		
Profit for the financial period		47,390	66,561
Dividends	8	<u>-</u>	<u>(37,251)</u>
		47,390	29,310
Actuarial gain on pension scheme	6	93,360	370
Movement in deferred tax relating to pension scheme		(28,008)	(111)
Net addition to shareholders' funds		<u>112,742</u>	<u>29,569</u>
Opening shareholders' funds as previously reported		714,527	702,226
Prior period adjustment	18	(114,631)	(131,899)
Opening shareholders' funds restated		<u>599,896</u>	<u>570,327</u>
Closing shareholders' funds		<u>712,638</u>	<u>599,896</u>

The accompanying notes are an integral part of this reconciliation of shareholders' funds

Statement of accounting policies

For the 53 week period ended 30 December 2006

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom

A summary of the principal accounting policies, all of which have been applied consistently throughout the period and the preceding period and which the directors consider to be the most appropriate to the company's circumstances as required by FRS 18, is set out below

Basis of accounting

The financial statements have been prepared on a going concern basis and under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards

The financial statements contain information about Coors Brewers Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 228 (for EEA immediate parents), 228A (for non-EEA parents) of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Moleson Coors Brewing Company, a company incorporated in the USA. The company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement

Changes in accounting policies

The company has adopted FRS17 "Retirement benefits" in these financial statements. The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly

The effect of the adoption of FRS 17 was to increase staff costs by £11,460,000 (2005 decreased by £20,862,000) and increase other finance income by £14,370,000 (2005 £3,390,000). This has increased profit on ordinary activities before taxation by £2,910,000 (2005 £24,252,000). In addition net gains recognised in the statement of total recognised gains and losses have increased by £65,352,000 (2005 £259,000)

Intangible assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is 20 years. Provision is made for any impairment

Intangible assets - research and development

Research expenditure is written off as incurred. Development expenditure is also written off

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows

Freehold buildings	40 years
Breweries and maltings freehold buildings	25 years
Plant and machinery	5-20 years
Equipment in retail outlets	2-7 years
Information technology equipment	3-5 years

Statement of accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Assets leased under finance leases are included in fixed assets at cost less depreciation. Obligations under finance leases, net of finance charges in respect of future periods, are included in creditors. The interest element of the rental is allocated to accounting periods so as to produce a constant periodic rate of charge on the remaining balance of the obligation.

Statement of accounting policies (continued)

Pension costs

The company operates a funded defined benefit pension scheme for staff employees recruited prior to April 2006. The scheme funds are administered by trustees and are independent of the company's finances. The company has fully adopted the principles of Financial Reporting Standard 17 'Retirement Benefits'.

Pension scheme assets are measured at fair values and liabilities are measured on an actuarial basis using the projected unit method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The expected return on the schemes assets and the increase in the period in the present value of liabilities arising from the passage of time are included in other financial income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension scheme deficits are recognised in full. Deferred tax assets will be recognised to the extent that they are considered recoverable.

The company operates a defined contribution scheme for employees recruited after April 2006. For defined contribution schemes the amount charged to the profit and loss accounts in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Related party disclosure

The Company has taken advantage of the exemption in FRS 8 as a wholly owned subsidiary not to disclose details of related party transactions required by the standard. The consolidated financial statements in which the subsidiary is included are publicly available.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Finance costs

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred, and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all of the activities that are necessary to get the asset ready for use are complete.

Notes to the financial statements
For the 53 week period ended 30 December 2006

1. Segment analysis

Turnover and profit before tax is all attributable to the principal activities of the company of malting, brewing, packing and the supply of beers, wines, spirits and soft drinks

	53 weeks 2006 £'000	52 weeks 2005 £'000
<i>Geographical segments</i>		
United Kingdom	1,329,415	1,394,581
Rest of World	<u>32,088</u>	<u>22,524</u>
	<u>1,361,503</u>	<u>1,417,105</u>

2. Costs and overheads, less other income

	53 weeks 2006 £'000	52 weeks 2005 (As restated) £'000
Raw materials and consumables	357,789	370,311
Excise duty on own products	583,452	584,062
Staff costs (see note 3)	108,228	84,786
Depreciation of fixed assets (see note 10)	46,253	46,256
Amortisation of goodwill (see note 9)	393	387
Maintenance and repairs	28,675	28,604
Advertising costs	15,768	19,917
Other external charges	197,116	210,044
Change in stocks of finished goods and work in progress	<u>(4,529)</u>	<u>5,146</u>
	<u>1,333,145</u>	<u>1,349,513</u>

	53 weeks 2006 £'000	52 weeks 2005 £'000
The following are included above		
Operating lease rentals		
- property	2,389	2,465
- other	4,299	4,693
Auditors' remuneration - audit work	-	-
Research and development expenditure	<u>863</u>	<u>1,287</u>

In 2006 auditors' remuneration relating to audit fees of £130,000 was borne by another group company (2005 £130,000)

There have been no non-audit services performed in either period

Notes to the financial statements (continued)

3 Staff costs

The average monthly number of employees (including executive directors) was	53 weeks 2006 Number	52 weeks 2005 Number
Production	1,055	1,250
Sales	1,026	1,130
Administration	318	336
	<u>2,399</u>	<u>2,716</u>
	53 weeks 2006 £'000	52 weeks 2005 (As restated) £'000
Their aggregate remuneration comprised		
Wages and salaries	88,529	97,458
Social security costs	8,239	8,918
Other pension costs/(credits)	<u>11,460</u>	<u>(21,590)</u>
	<u>108,228</u>	<u>84,786</u>

Directors' remuneration

Remuneration was paid to directors of the company as follows

	53 weeks 2006 £'000	52 weeks 2005 £'000
Fees as directors	1,345	1,474
Other emoluments	75	656
Bonuses	<u>873</u>	<u>700</u>
	<u>2,293</u>	<u>2,830</u>

The directors' remuneration shown above included

	53 weeks 2006 £'000	52 weeks 2005 £'000
Remuneration of highest paid director		
Total emoluments	699	444
Accrued pension at period end	<u>222</u>	<u>44</u>

All of the directors are accruing retirement benefits under defined benefit schemes

No directors have exercised share options during the period (2005 £nil)

Notes to the financial statements (continued)

4. Profit on sale of fixed assets	53 weeks	52 weeks
	2006	2005
	£'000	£'000
Profit on sale of tangible fixed assets	<u>4,042</u>	<u>952</u>

5 Interest payable and similar charges

	53 weeks	52 weeks
	2006	2005
	£'000	£'000
Bank loans and overdrafts	375	65
Finance leases	93	252
Unwinding of discount on vacant lease provisions (note 16)	367	267
Other loans	<u>1,934</u>	<u>896</u>
	<u>2,769</u>	<u>1,480</u>

6 Net pension liability

Defined benefit schemes

The Company operates a contributory, self-administered, defined benefit pension plan. Assets are held in a separately administered fund.

An actuarial assessment of the Coors Brewers Pension Plan was carried out as at 30 June 2004 and updated to 30 December 2006, using a set of assumptions consistent with those required under FRS 17, except that the assumption for the post retirement mortality for active members is based on the "92 series" standard tables applicable for use in the year 2006 rather than that applicable for the calendar year 2019, and non-retired members are assumed to exchange 20% of their pension for a cash lump sum at retirement using the commencement rates in force at 30 December 2006. The valuation of the scheme used the projected unit method and was carried out by Watson Wyatt, professionally qualified actuaries.

The actuarial assumptions employed were as follows

	53 weeks	52 weeks	52 weeks
	2006	2005	2004
	% pa	% pa	% pa
Price inflation	2.75	2.50	2.50
Rate of increase in pay	4.25	4.00	4.00
Rate of increase of pensions in payment	2.50	2.50	2.50
Rate of increase for deferred pensioners	2.75	2.50	2.50
Discount rate	5.10	4.75	5.50

Notes to the financial statements (continued)

6. Net pension liability (continued)

The fair value of scheme assets and expected return rates were as follows

	30 December 2006		24 December 2005		25 December 2004	
	Fair value	Expected rate of return	Fair value	Expected rate of return	Fair value	Expected rate of return
	£'000	% pa	£'000	% pa	£'000	% pa
Equities	716,260	7.90	680,690	7.90	573,650	8.00
Fixed interest bonds	171,880	4.60	119,620	4.10	115,810	4.60
Index-linked bonds	116,080	4.10	126,660	3.70	118,800	4.20
Property	87,200	6.30	64,780	6.00	56,460	6.30
Cash	22,730	3.75	23,020	3.50	10,640	3.50
	<u>1,114,150</u>	<u>6.79</u>	<u>1,014,770</u>	<u>6.71</u>	<u>875,360</u>	<u>6.87</u>

The following amounts were measured in accordance with FRS 17

	53 weeks 2006 £'000	52 weeks 2005 £'000
Fair value of scheme assets	1,114,150	1,014,770
Present value of scheme liabilities	<u>(1,121,680)</u>	<u>(1,136,900)</u>
Deficit in the scheme	(7,530)	(122,130)
Related deferred tax asset (note 16)	<u>2,259</u>	<u>36,639</u>
Net pension liability	<u>(5,271)</u>	<u>(85,491)</u>

The movement in the deficit in the period was as follows

	53 weeks 2006 £'000	52 weeks 2005 £'000
Deficit at start of period	(122,130)	(161,710)
Contributions paid	13,640	14,230
Additional contributions to cover special termination benefits	4,690	-
Current service cost	(14,710)	(13,010)
Past service credit	-	34,600
Curtailement gain	3,250	-
Other finance income	14,370	3,390
Actuarial gain	<u>93,360</u>	<u>370</u>
Deficit at end of period	<u>(7,530)</u>	<u>(122,130)</u>

Notes to the financial statements (continued)

6 Net pension liability (continued)

The following amounts have been recognised in the performance statements in the period to 30 December 2006, under the requirements of FRS 17

	53 weeks 2006 £'000	52 weeks 2005 £'000
Operating profit		
Current service costs	14,710	13,010
Past service credit	-	(34,600)
Curtailment gain	(3,250)	-
Total operating charge/(credit)	<u>11,460</u>	<u>(21,590)</u>

Other finance income

Expected return on pension assets	(66,830)	(58,950)
Interest on pension scheme liabilities	<u>52,460</u>	<u>55,560</u>
Net return	<u>(14,370)</u>	<u>(3,390)</u>

Statement of total recognised gains and losses

Actual return less expected return on pension scheme assets	(70,030)	(115,030)
Experience gains and losses on the scheme liabilities	11,400	2,420
Changes in actuarial assumptions	<u>(34,730)</u>	<u>112,240</u>
Actuarial gain recognised in the STRGL	<u>(93,360)</u>	<u>(370)</u>

History of experience gains and losses

	53 weeks 2006 £'000	52 weeks 2005 £'000	52 weeks 2004 £'000	52 weeks 2003 £'000
Gain on plan assets	(70,030)	(115,030)	(25,150)	(64,740)
% of plan assets at end of period	6.29%	11.34%	2.88%	7.96%
Experience loss on plan liabilities	11,400	2,420	7,660	18,830
% of plan liabilities at end of period	1.02%	0.22%	0.74%	1.92%
Total actuarial (gain)/loss recognised in STRGL	(93,360)	(370)	(80)	2,410
% of plan liabilities at end of period	8.32%	0.03%	0.01%	0.25%

Defined contribution scheme

The company also operates a defined contribution scheme. The company has paid £13,000 (2005 £nil) of contributions into this scheme.

Notes to the financial statements (continued)

7 Tax on profit on ordinary activities

The tax charge for the period comprises

53 weeks 2006	52 weeks 2005 (As restated)
£'000	£'000

Current tax

UK corporation tax	14,464	14,704
Adjustments in respect of prior periods	<u>1,516</u>	<u>(2,421)</u>
Total current tax	15,980	12,283

Deferred tax

Origination and reversal of timing differences	<u>5,652</u>	<u>12,745</u>
Total tax on profit on ordinary activities	<u>21,632</u>	<u>25,028</u>

Factors affecting the tax charge for the period

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

53 weeks 2006	52 weeks 2005 (As restated)
£'000	£'000

Profit on ordinary activities before tax	<u>69,022</u>	<u>91,589</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	20,707	27,477

Effect of

Expenses not deductible for tax purposes	(499)	(500)
Capital allowances for the period in excess of depreciation	608	(925)
Movement in provisions not taxable in period	(6,352)	(11,348)
Adjustments to tax charge in respect of previous periods	<u>1,516</u>	<u>(2,421)</u>
Current tax charge for the period	<u>15,980</u>	<u>12,283</u>

8 Dividends paid

53 weeks 2006	52 weeks 2005
£'000	£'000

Dividends paid to fellow group undertakings (£nil, 2005 - £21 64 per share)	<u>-</u>	<u>37,251</u>
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Notes to the financial statements (continued)

9 Intangible fixed assets - goodwill

	Total £'000
Cost	
At 24 December 2005	9,543
At 30 December 2006	9,543
Amortisation	
At 24 December 2005	3,317
Charge for the period	393
At 30 December 2006	3,710
Net book value	
At 24 December 2005	6,226
At 30 December 2006	5,833

Notes to the financial statements (continued)

10 Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 24 December 2005	74,208	238,768	187,303	500,279
Additions	355	6,819	27,045	34,219
Disposals	(1,503)	(941)	(16,744)	(19,188)
At 30 December 2006	<u>73,060</u>	<u>244,646</u>	<u>197,604</u>	<u>515,310</u>
Depreciation				
At 24 December 2005	18,032	142,730	117,063	277,825
Charge for the period	3,167	12,958	30,128	46,253
Disposals	(173)	(907)	(12,871)	(13,951)
At 30 December 2006	<u>21,026</u>	<u>154,781</u>	<u>134,320</u>	<u>310,127</u>
Net book value				
At 24 December 2005	<u>56,176</u>	<u>96,038</u>	<u>70,240</u>	<u>222,454</u>
At 30 December 2006	<u>52,034</u>	<u>89,865</u>	<u>63,284</u>	<u>205,183</u>

Leased assets included above within fixtures and fittings had a gross cost of £1,282,000 (2005 - £6,029,000) and accumulated depreciation of £655,000 (2005 - £4,193,826)

Interest capitalised on additions in the period amounted to £31,000 (2005 - £453,000) The cumulative amount of interest capitalised in the total cost above amounts to £1,480,000 (2005 - £1,449,000)

Analysis of land and buildings

	Cost or valuation £'000	Depreciation £'000	Net Book Value £'000
At 30 December 2006			
Freehold	71,921	20,114	51,807
Leasehold under 50 years	1,139	912	227
Total land and buildings	<u>73,060</u>	<u>21,026</u>	<u>52,034</u>

Notes to the financial statements (continued)

10. Tangible fixed assets (continued)

	2006	2005
Analysis of cost or valuation	£'000	£'000
Assets held at valuation	17,319	18,824
Assets held at historical cost	<u>497,991</u>	<u>481,455</u>
	<u>515,310</u>	<u>500,279</u>

Historical cost of land and buildings

	Cost £'000	Depreciation £'000	Net book value £'000
At 24 December 2005	<u>72,626</u>	<u>18,032</u>	<u>54,594</u>
At 30 December 2006	<u>73,114</u>	<u>21,855</u>	<u>51,259</u>

11 Fixed asset investments

	Shares in subsidiary undertakings £'000	Shares in associated undertakings £'000	Trade and other loans £'000	Total £'000
Cost				
At 24 December 2005	4,988	40,495	64,338	109,821
Additions/Advances	-	-	15,161	15,161
Disposals/Repayments	-	-	(18,476)	(18,476)
Write offs	-	-	(2,366)	(2,366)
At 30 December 2006	<u>4,988</u>	<u>40,495</u>	<u>58,657</u>	<u>104,140</u>
Provision for diminution in value				
At 24 December 2005	-	-	8,034	8,034
Provided for the period	-	-	2,261	2,261
Utilisation of provision	-	-	(2,366)	(2,366)
At 30 December 2006	-	-	<u>7,929</u>	<u>7,929</u>
Net book value				
At 24 December 2005	<u>4,988</u>	<u>40,495</u>	<u>56,304</u>	<u>101,787</u>
At 30 December 2006	<u>4,988</u>	<u>40,495</u>	<u>50,728</u>	<u>96,211</u>

Notes to the financial statements (continued)

11. Fixed asset investments (continued)

Details of the significant investments in which the company holds more than 20% of the nominal value of any class of share capital are as follows

Name of company	Country of incorporation	Nature of business	Holding	%
Subsidiary undertakings				
Coors Brewers Pensions Limited	England and Wales	Pension fund trustee	Direct	100
Coors Brewers Healthcare Limited	England and Wales	Healthcare trustee	Direct	100
Barbox Limited	England and Wales	Electronic ordering	Direct	70
Coors Brewers Russia Limited	England and Wales	Export sales	Direct	100

The Directors consider that to give full particulars of its dormant subsidiary undertakings would lead to a statement of excessive length. A list of the dormant subsidiary undertakings is included in the Company's annual return.

In the opinion of the directors the value of the subsidiary undertakings is at least equal to the amount shown above.

Associated undertakings

Grolsch (UK) Limited	England and Wales	Supply of beer	Direct	49
Tradeteam Limited	England and Wales	Distribution of beer	Direct	49.9

Notes to the financial statements (continued)

12. Stocks	2006	2005
	£'000	£'000
Raw materials	12,476	12,187
Work in progress	7,317	9,429
Finished goods	35,185	28,544
Consumable stores	<u>3,977</u>	<u>3,564</u>
	<u>58,955</u>	<u>53,724</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

13. Debtors	2006	2005
	£'000	(As restated) £'000
Amounts falling due within one year		
Trade debtors	210,946	253,171
Amounts owed by group undertakings	495,999	443,002
Other debtors	34,429	23,113
Prepayments and accrued income	<u>13,463</u>	<u>9,504</u>
	<u>754,837</u>	<u>728,790</u>

14. Creditors: Amounts falling due within one year

	2006	2005
	£'000	£'000
Obligations under finance leases	194	1,062
Bank loans and overdrafts	3,123	7,112
Trade creditors	85,046	88,775
Amounts owed to group undertakings	16,543	47,049
UK Corporation tax	4,625	1,340
Other taxation and social security	97,664	100,710
Accruals and deferred income	<u>133,154</u>	<u>123,217</u>
	<u>340,349</u>	<u>369,265</u>

Overdrafts outstanding at the end of the period accrued interest at a rate of 6.0% per annum

Notes to the financial statements (continued)

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

	2006	2005
	£'000	£'000
Obligations under finance leases	372	868
Amounts owed to group undertakings	<u>54,314</u>	<u>35,697</u>
	<u>54,686</u>	<u>36,565</u>

Amounts due to group undertakings after more than one year have no fixed repayment date, but are deemed to be long-term in nature. No interest accrues on these balances.

16. Provisions for liabilities and charges

	Reorganisation provision £'000	Vacant lease provision £'000	Deferred taxation (non pension) £'000	Total £'000
At 24 December 2005 - as previously reported	6,366	5,694	22,192	34,252
Remove prior year deferred tax associated with SSAP 24 prepayment	-	-	(12,488)	(12,488)
At 24 December 2005 - as restated	6,366	5,694	9,704	21,764
Charged/(credited) to the profit and loss account	8,137	754	(720)	8,171
Utilised in the period	(12,145)	(2,005)	-	(14,150)
Adjustment arising from discounting	-	367	-	367
At 30 December 2006	<u>2,358</u>	<u>4,810</u>	<u>8,984</u>	<u>16,152</u>

Explanatory notes

Reorganisation

A provision was made to cover employee severance costs associated with a rationalisation of brewery supply chain and back-office operations.

Vacant lease provision

A provision has been made against the cost of various vacant leasehold premises. It is anticipated that this provision will not be fully utilised until 2016.

Notes to the financial statements (continued)

16 Provisions for liabilities and charges (continued)

Deferred tax

Deferred tax is provided as follows

	2005 (As restated) £'000	Profit and Loss £'000	STRGL £'000	2006 £'000
Accelerated Capital Allowances	12,047	(700)	-	11,347
Other Timing Differences	(2,343)	(20)	-	(2,363)
Provision for deferred tax excluding pensions	9,704	(720)	-	8,984
Pension related deferred tax	(36,639)	6,372	28,008	(2,259)
Provision for deferred tax including pensions	(26,935)	5,652	28,008	6,725

17 Called-up share capital

	2006 £'000	2005 £'000
<i>Allotted, called-up and fully-paid</i>		
1,721,600 deferred shares of £1 each	1,722	1,722
100 US\$ ordinary shares of 1 US cent each	-	-
	<u>1,722</u>	<u>1,722</u>

The 1 cent shares were issued as a fully paid up bonus issue to Coors Holdings Limited, the owner then and now of all of the deferred £1 shares. The 100 shares of 1 US cent were surrendered on the same day of issue in return for a warrant entitling the bearer to 100 fully paid-up ordinary shares of 1 US cent. Coors Holdings Limited continues to hold the warrant. The bearer of the share warrant is entitled to the same rights and privileges as a holder of the specified shares.

For so long as the 1 US Cent shares remain in issue the holders of the Deferred Shares shall not be entitled to any participation in the profits or assets of the company until the holders of every other class of shares in the capital of the company shall have received on a return of asset or liquidation or otherwise £100 million in respect of each share held. The company has the power and authority to purchase all or any of the Deferred Shares for an aggregate consideration of £1 which shall be applied for the benefit of the company.

Notes to the financial statements (continued)

18 Reserves

	Share Capital £'000	Share Premium £'000	Revaluation Reserve £'000	Profit and Loss £'000	Total Shareholders' Funds £'000
At 24 December 2005 - previously reported	1,722	598,278	782	113,745	714,527
Prior period adjustment - FRS 17	-	-	-	(114,631)	(114,631)
At 24 December 2005 - restated	<u>1,722</u>	<u>598,278</u>	<u>782</u>	<u>(886)</u>	<u>599,896</u>
Profit for the financial period	-	-	-	47,390	47,390
Actuarial gain on pension scheme	-	-	-	93,360	93,360
Movement on deferred tax relating to actuarial gain	-	-	-	(28,008)	(28,008)
Revaluation surplus	-	-	(7)	7	-
At 30 December 2006	<u>1,722</u>	<u>598,278</u>	<u>775</u>	<u>111,863</u>	<u>712,638</u>

19. Financial commitments

The company has annual commitments under non-cancellable operating leases, which expire as follows

	Land and buildings		Other	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Expiry date				
- within one year	14	-	1,291	736
- between two and five years	987	833	3,201	3,881
- after five years	1,343	1,348	-	-
	<u>2,344</u>	<u>2,181</u>	<u>4,492</u>	<u>4,617</u>

Notes to the financial statements (continued)

19. Financial commitments (continued)

Capital commitments at the end of the period for which no provision has been made are as follows

	2006	2005
	£'000	£'000
Contracted for but not provided for	<u>3,741</u>	<u>1,365</u>

Obligations under finance leases are as follows

	2006	2005
	£'000	£'000
Due between one and two years	194	306
Due between two and five years	<u>178</u>	<u>372</u>
	372	678
Due in less than one year	<u>194</u>	<u>1,402</u>
	<u>566</u>	<u>2,080</u>

20. Subsequent events

On 12 April 2007 the Molson Coors Brewing Company group undertook a group restructure project which resulted in a reorganisation of group company ownership structures

As part of the reorganisation Coors Brewers Limited has purchased the share capital of CBHR International B V and CBIP B V (companies incorporated in the Netherlands which own the Carling brand rights) and a number of dormant companies from its immediate parent company, Coors Holdings Limited. An intercompany loan between Coors Brewers Limited and Coors Holdings Limited was substantially settled as consideration for the sale of these investments. Additionally, a new ultimate UK holding company, Molson UK Holdings LLP, has been created, which holds 100% of the ordinary share capital of the former holding company Golden Acquisition.

On the 20 February 2007 Lloyds TSB put Brewers Logistics Management Limited (BLML), part of the TrenStar Inc group, into administration. We had previously sold our keg population and outsourced our keg management to BLML on the 20 May 2004. In the first quarter of 2007 Lloyds TSB served a put notice on CBL requesting that we purchase the containers used by our business. Coors anticipated this action by the bank and were supportive of the bank's decision to put BLML into administration. In 2007 CBL purchased the kegs for consideration of £45,972,110 and are accounting for these as fixed assets from 20 February 2007.

Notes to the financial statements (continued)

21. Ultimate parent undertaking and controlling party

The directors regard Molson Coors Brewing Company, a company incorporated in the USA, as the ultimate parent company and the ultimate controlling party. Molson Coors Brewing Company is the parent company of the largest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from the Company Secretary at 1125 Seventeenth Street, Denver, Colorado 80202, USA.

Coors Holdings Limited is the immediate parent company. Copies of the financial statements are available from the Company Secretary, 137 High Street, Burton-on-Trent, Staffordshire, DE14 1JZ.

As a subsidiary undertaking of Coors Holdings Limited, the company has taken advantage of the exemption in Financial Reporting Standard 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Golden Acquisition.