

Company number: 2398420

CROWN SPECIALITY PACKAGING UK PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004



CROWN SPECIALITY PACKAGING UK PLC

Directors' report for the year ended 31 December 2004

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

Principal activities

The principal activity of the company is the manufacture and sale of tinplate based promotional packaging.

Review of the business and future developments

During 2004 the company maintained its trading position and market share despite the competitive pressures in the market place. Continued emphasis was placed on reducing the cost of manufacture to meet these pressures. In 2005 this situation will continue as the main raw material is in tight supply in the global market.

Results and dividends

The company made a profit after taxation of £2,898,000 (2003 as restated: £4,359,000). The directors do not recommend the payment of a dividend (2003: £nil). The retained profit has been transferred to reserves. On 7 April 2004 the company authorised and issued 28,000,000 £1 non voting ordinary shares for a consideration of £28,000,000 to its immediate parent undertaking, Crown Packaging UK Plc.

Directors and their interests

The directors who served throughout the year and up to the date of signing the accounts are as follows:

N J Mullen
J McCann
CarnaudMetalbox Group UK Limited

The corporate director, CarnaudMetalbox Group UK Ltd, has interests in other UK group companies that are required to be disclosed under schedule 7 of the Companies Act 1985. The holdings are disclosed within the accounts of CarnaudMetalbox Group UK Ltd.

The other directors had no interest in the shares of the company or any other group company that are required to be disclosed under Schedule 7 of the Companies Act 1985.

Research and development

Research and development for the improvement and development of new products and production techniques continue to be important activities to the company. The company's research and development expenditure amounted to £952,000 (2003: £987,000). All of this was expensed to the profit and loss account as incurred.

Employment policies

It is the company's policy to keep employees fully informed on a regular basis on matters which affect them through direct face-to-face communications and collective procedures for joint consultation.

Throughout the year the development of communication skills at all levels of management has received a high priority. The drive for quality in all businesses has served as an important focus for improved communication with employees. It has provided opportunities for involving employees and enlisting their commitment through training and joint problem solving.

Delegation of management responsibility to the individual businesses has been fully accomplished and regular communications about financial performance and future plans have kept employees well informed and enabled them to identify the need for competitiveness for the success of the various enterprises.

CROWN SPECIALITY PACKAGING UK PLC

Directors' report for the year ended 31 December 2004 (Continued)

Disabled persons

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.

Creditor payment policy

It is the company's policy in respect of all suppliers to agree payment terms in advance of the supply of goods and to adhere to those payment terms. The company settles all undisputed accounts for payment within 45 days, unless terms in excess of 45 days are specifically negotiated with the supplier. Creditor days at 31 December 2004 were 61 (2003: 67 days).

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

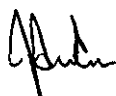
The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained under note 1 'Accounting Policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed, subject to any material departures disclosed and explained in 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 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.

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.

By Order of the Board



J McCann
Director

26 / 10 / 05

CROWN SPECIALITY PACKAGING UK PLC

Independent auditors' report to the members of Crown Speciality Packaging UK plc

We have audited the financial statements, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 transactions is not disclosed.


Basis of audit opinion

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

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

Opinion

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



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading

27th October 2005

CROWN SPECIALITY PACKAGING UK PLC

Profit and loss account for the year ended 31 December 2004

	<i>Notes</i>	<i>2004 £'000</i>	<i>As restated 2003 £'000</i>
<i>Turnover</i>	2	59,314	59,858
<i>Operating costs</i>		(55,698)	(54,977)
<i>Operating profit</i>	3	3,616	4,881
<i>Other finance expense</i>	16	(19)	(17)
<i>Profit on ordinary activities before taxation</i>		3,597	4,864
<i>Tax charge on profit on ordinary activities</i>	4	(699)	(505)
<i>Retained profit for the financial year</i>	12	2,898	4,359

The results for the years above are derived entirely from continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the financial years stated above and their historical cost equivalent.

Statement of total recognised gains and losses for the year ended 31 December 2004

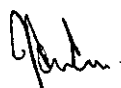
	<i>Notes</i>	<i>2004 £'000</i>	<i>As restated 2003 £'000</i>
<i>Profit for the financial year</i>		2,898	4,359
<i>Actuarial gain/(loss) on medical plan</i>	16	30	(26)
<i>Movement on deferred tax relating to medical plan</i>		(9)	8
<i>Total recognised gains for the year</i>		2,919	4,341
<i>Prior year adjustment – FRS 17</i>	12	52	
<i>Total gains recognised since last annual report</i>		2,971	

CROWN SPECIALITY PACKAGING UK PLC

Balance sheet as at 31 December 2004

	Notes	2004 £'000	As restated 2003 £'000
<i>Fixed assets</i>			
Tangible assets	6	6,522	7,787
<i>Current assets</i>			
Stocks	7	6,304	5,223
Debtors	8	5,551	6,168
Cash at bank and in hand		3	5
		11,858	11,396
<i>Creditors – amounts falling due within one year</i>	9	(12,291)	(43,778)
<i>Net current liabilities</i>		(433)	(32,382)
<i>Total assets less current liabilities</i>		6,089	(24,595)
<i>Provisions for liabilities and charges</i>	10	(858)	(1,092)
<i>Net assets excluding post-retirement medical benefit plan liability</i>		5,231	(25,687)
<i>Post-retirement medical benefit plan liability</i>	16	(244)	(245)
<i>Net assets including post-retirement medical benefit plan liability</i>		4,987	(25,932)
<i>Capital and reserves</i>			
Called-up share capital	11	48,721	20,721
Profit and loss account (deficit)	12	(43,734)	(46,653)
<i>Equity shareholders' funds/(deficit)</i>		766	(30,153)
<i>Non-equity shareholders' funds</i>		4,221	4,221
<i>Total shareholders' funds/(deficit)</i>	13	4,987	(25,932)

The financial statements on pages 4 to 18 were approved by the board of directors on 26 October 2005 and signed on its behalf by:



J McCann
Director

CROWN SPECIALITY PACKAGING UK PLC

Notes to the financial statements for the year ended 31 December 2004

1 Accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis under with the historical cost convention, 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.

Changes in accounting policies

In November 2000, the Accounting Standards Board issued FRS17, 'Retirement Benefits'. The company has adopted FRS17, 'Retirement Benefits', in these financial statements. The adoption of this new standard represents a change in accounting policy and the comparatives have been restated accordingly. The effect of the change in accounting policy to adopt FRS17 was to reduce staff costs by £1,000 (2003: £nil), to increase other finance expense by £19,000 (2003: £17,000), to reduce deferred tax by £5,000 (2003: £6,000) to decrease profit in the year by £13,000 (2003: £11,000) and to increase the total recognised gains and losses by £21,000 (2003: reduction of £18,000).

Turnover

Turnover is based on the invoiced value of sales net of VAT, similar sales-related taxes and trade discounts and is recognised upon despatch of goods.

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.

Foreign currencies

Revenue and expenditure items denominated in foreign currencies are translated to sterling at actual exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account in the period to which they relate.

Cash flow statement

The company is a wholly owned subsidiary company of a group headed by Crown Holdings, Inc, and is included in the consolidated accounts of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 1 (revised 1996) 'Cash flow statements' from preparing a cash flow statement.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. The cost of work in progress and finished goods comprises material, labour and attributable manufacturing overheads.

Provision is made for obsolete, slow moving or defective items where appropriate.

CROWN SPECIALITY PACKAGING UK PLC

Notes to the financial statements – 31 December 2004 (Continued)

1 Accounting Policies (Continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and provision for impairment. Depreciation is charged to the profit and loss account on a straight-line basis so as to write off each asset over the term of its estimated useful economic life. The estimated useful economic lives of the assets concerned is as follows:

Plant and machinery	10 years
Fixtures, fittings, tools and equipment	5-10 years
Improvements to leasehold buildings	17 years

Assets in the course of construction are not depreciated.

Operating leases

Rentals paid under operating leases are expensed to the profit and loss account on a straight line basis over the term of the lease.

Deferred tax

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.

Retirement benefits

The company is a member of the Metal Box Pension Scheme operated by CarnaudMetalbox Group UK Ltd which comprises both a defined contribution and defined benefit scheme. It is also the company's policy to provide post-retirement health benefits to certain employees upon fulfilment of pre-defined criteria.

The assets of the Metal Box Pension Scheme are held separately from the Group's assets in a Trustee administered fund.

Details of the pension scheme and post retirement medical costs are set out in note 16 to the financial statements.

CROWN SPECIALITY PACKAGING UK PLC

Notes to the financial statements – 31 December 2004 (Continued)

2 Segmental information

Geographical analysis of turnover, all of which arises from the company's principal activity.

	2004 £'000	2003 £'000
EU Countries	57,925	58,352
Rest of Europe	49	11
Rest of world	1,340	1,495
	59,314	59,858

3 Operating profit

Operating profit is arrived at after charging/(crediting)

	2004 £'000	<i>As restated</i> 2003 £'000
Change in stocks of finished goods and work in progress	(78)	30
Own work capitalised	(376)	(409)
Raw materials and consumables	26,483	25,208
Staff costs (see note 5)	17,459	16,484
Depreciation of tangible fixed assets	1,857	2,063
Loss on disposal of fixed assets	70	-
Operating lease charges:		
- plant and machinery	366	434
- other	60	60
Auditors remuneration – audit services	49	51
Distribution costs	3,580	4,711
Selling and marketing costs	91	111
Research and Development costs	952	987
Redundancy and reorganisation	14	121
Net exchange loss/(gain)	128	(48)
Post retirement medical benefits	11	9
Other operating charges	5,032	5,165
	55,698	54,977

CROWN SPECIALITY PACKAGING UK PLC

Notes to the financial statements – 31 December 2004 (Continued)

4 Taxation on profit on ordinary activities

	2004 £'000	2003 £'000
Current tax		
UK corporation tax on profits of the year	920	717
Adjustments in respect of prior year	22	24
Total current tax	942	741
Deferred tax		
Origination and reversal of timing differences – current year	(221)	(236)
Origination and reversal of timing differences – prior year	(22)	-
Total deferred tax (note 10)	243	(236)
Taxation on profit on ordinary activities	699	505

The tax assessed for the year is lower (2003 lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £'000	As restated 2003 £'000
Profit on ordinary activities before taxation	3,597	4,864
Profit on ordinary activities multiplied by the standard rate in the UK of 30% (2003: 30%)	1,079	1,459
Effects of:		
Expenses not deductible for tax purposes	18	15
Imputed interest expense	(393)	(963)
Adjustments in respect of previous periods	22	24
Accelerated capital allowances and other timing differences	216	206
Current tax charge for the year	942	741

CROWN SPECIALITY PACKAGING UK PLC

Notes to the financial statements – 31 December 2004 (Continued)

5 Employees

The average monthly number of employees during the year , including executive directors, split by activity was:

	<i>2004 Number</i>	<i>2003 Number</i>
Production	529	548
Administration	114	111
	643	659

Staff costs

	<i>2004 £'000</i>	<i>2003 £'000</i>
Wages and salaries	15,160	14,538
Social security costs	1,213	1,128
Other pension costs (note 16)	1,086	818
	17,459	16,484

The company re-commenced employers' contributions to the Metal Box Pension Scheme with effect from 1 April 2003 and hence the 2004 figure incorporates 12 months of charges versus 9 months in 2003.

Directors' emoluments

	<i>2004 £'000</i>	<i>2003 £'000</i>
Aggregate emoluments	121	109

Retirement benefits are accruing to two directors (2003: two) under the CarnaudMetalbox Group UK Ltd defined benefit pension scheme.

CROWN SPECIALITY PACKAGING UK PLC

Notes to the financial statements – 31 December 2004 (Continued)

6 Tangible fixed assets

	<i>Improvements to leasehold buildings</i>	<i>Plant and machinery</i>	<i>Fixtures, fittings, tools and equipment</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Cost</i>				
At 1 January 2004	1,424	37,668	1,475	40,567
Additions	193	395	74	662
Disposals	-	(176)	-	(176)
At 31 December 2004	1,617	37,887	1,549	41,053
<i>Accumulated depreciation</i>				
At 1 January 2004	771	30,870	1,139	32,780
Charge for year	82	1,644	131	1,857
Disposals	-	(106)	-	(106)
At 31 December 2004	853	32,408	1,270	34,531
<i>Net book amount</i>				
At 31 December 2004	764	5,479	279	6,522
At 31 December 2003	653	6,798	336	7,787

Plant and machinery includes the cost of assets in the course of construction of £273,000 (2003: £722,000).

CROWN SPECIALITY PACKAGING UK PLC

Notes to the financial statements – 31 December 2004 (Continued)

7 Stocks

	2004 £'000	2003 £'000
Raw materials and consumables	2,787	1,784
Work in progress	1,866	1,631
Finished goods	1,651	1,808
	6,304	5,223

8 Debtors

	2004 £'000	2003 £'000
<i>Amounts falling due within one year</i>		
Trade debtors	3,055	3,977
Amounts due from Group undertakings	2,136	1,931
Other debtors	214	97
Prepayments and accrued income	146	163
	5,551	6,168

9 Creditors – amounts falling due within one year

	2004 £'000	2003 £'000
Trade creditors	7,028	6,430
Amounts due to Group undertakings	488	31,607
UK corporation taxation	942	741
Other taxation and social security	1,713	2,390
Accruals and deferred income	2,120	2,610
	12,291	43,778

Amounts due to Group undertakings are unsecured and have no fixed repayment date. There is no interest charged on these balances.

CROWN SPECIALITY PACKAGING UK PLC

Notes to the financial statements – 31 December 2004 (Continued)

10 Provisions for liabilities and charges

	<i>Post retirement medical benefits (note 16) £'000</i>	<i>Deferred taxation £'000</i>	<i>Total £'000</i>
At 1 January 2004 as previously reported	(424)	(965)	(1,389)
Prior year adjustment – FRS 17 (note 12)	424	(127)	297
At 1 January 2004 as restated	-	(1,092)	(1,092)
Profit and loss credit in year	-	234	234
At 31 December 2004	-	(858)	(858)

The post-retirement medical benefits provision relates to liabilities under post-retirement medical schemes. Following the adoption of FRS 17, this liability and associated deferred tax asset is now disclosed separately on the face of the balance sheet (see note 16).

Full provision has been made for deferred taxation at as follows:

	<i>2004 £'000</i>	<i>As restated 2003 £'000</i>
Accelerated capital allowances	858	1,092

11 Share capital

Authorised:

	<i>2004 £'000</i>	<i>2003 £'000</i>
44,500,000 (2003: 16,500,000) non-voting ordinary shares of £1 each (Equity)	44,500	16,500
1,000 5% cumulative preference shares of £1 each (Non-Equity)	1	1
5,000,000 preference shares of £1 each (Non-Equity)	5,000	5,000
	49,501	21,501

Allotted, called up and fully paid

	<i>2004 £'000</i>	<i>2003 £'000</i>
44,500,000 non-voting ordinary shares of £1 each (Equity)	44,500	16,500
1,000 5% cumulative preference shares of £1 each (Non-Equity)	1	1
4,220,000 preference shares of £1 each (Non-Equity)	4,220	4,220
	48,721	20,721

On 7 April 2004 the company authorised and issued 28,000,000 £1 non voting ordinary shares for a consideration of £28,000,000 to its immediate parent undertaking, Crown Packaging UK Plc.

CROWN SPECIALITY PACKAGING UK PLC

Notes to the financial statements – 31 December 2004 (Continued)

11 Share capital (Continued)

The non-voting ordinary shareholders have:

- no right to dividends other than those that may be recommended by the directors;
- no redemption rights;
- unlimited right to share in the surplus remaining on a winding up after all liabilities and participation rights of other classes of shares have been satisfied

The 5% cumulative preference shareholders have:

- the right to a fixed cumulative preferential dividend at a rate of 5% per annum on the capital paid up thereon for the time being;
- no redemption rights;
- the right to receive Notices of General Meetings of the company and to attend and vote thereat;
- the right in a winding up to have the capital paid thereon and all arrears of dividend up to the date of commencement of the winding up, paid off, in priority to any payment of capital on the non-voting ordinary shares but with no further right to participate in the profits or assets of the company.

The preference shareholders have:

- no right to dividends other than those that may be recommended by the directors;
- no redemption rights;
- the right to receive Notices of General Meetings of the company and to attend and vote thereat;
- the right in a winding up to have the capital paid thereon in priority to any payment of capital on the non-voting ordinary shares, but with no further right to participate in the assets of the company.

12 Profit and loss account (deficit)

	2004
	£'000
At 1 January (deficit) as previously reported	(46,705)
Prior year adjustment – FRS 17 (below)	52
At 1 January 2004 (deficit) as restated	(46,653)
Profit for the financial year	2,898
Actuarial gain on medical plan	30
Movement on deferred tax relating to medical plan	(9)
At 31 December (deficit)	(43,734)

CROWN SPECIALITY PACKAGING UK PLC

Notes to the financial statements – 31 December 2004 (Continued)

12 Profit and loss account (deficit) (Continued)

Prior year adjustment

The prior year adjustment relates solely to the implementation of FRS 17 in the year. The adjustment is analysed below:

	<i>Medical plan £'000</i>	<i>Pension scheme £'000</i>	<i>Total £'000</i>
Adjustment to opening shareholders' funds at 1 January 2003	81	-	81
Adjustment to profit and loss account for the year ended 31 December 2003	(11)	-	(11)
Adjustment to statement of total recognised gains and losses for the year ended 31 December 2003	(18)	-	(18)
	52	-	52

There are no adjustments in respect of the pension scheme. In the prior year the charge to the profit and loss account equated to the company's pension contributions. Following the implementation of FRS 17 the 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 (see note 16).

13 Reconciliation of movement in shareholders' funds/(deficit)

	<i>2004 £'000</i>	<i>As restated 2003 £'000</i>
At 1 January (deficit) as previously reported	(25,984)	(30,354)
Prior year adjustment – FRS 17 (note 12)	52	81
At 1 January 2004 (deficit) as restated	(25,932)	(30,273)
Shares issued during the year	28,000	-
Profit for the financial year	2,898	4,359
Actuarial gain/(loss)	30	(26)
Movement on deferred tax relating to medical plan	(9)	8
At 31 December funds/(deficit)	4,987	(25,932)

CROWN SPECIALITY PACKAGING UK PLC

Notes to the Financial Statements – 31 December 2004 (Continued)

14 Financial commitments

At 31 December 2004 the company had annual commitments under non-cancellable operating leases expiring as follows:

	2004 £'000	2003 £'000
<i>Land and buildings</i>		
Over 5 years	60	61
<i>Other</i>		
Within one year	73	81
Between two and five years	267	186
	400	328

15 Capital expenditure commitments

	2004 £'000	2003 £'000
Contracted for but not provided for in the financial statements	-	73

16 Retirement benefits

Pension scheme

The company participates in the Group's UK pension scheme, the Metal Box Pension Scheme, which is operated by CarnaudMetalbox Group UK Ltd and comprises both a defined benefit and defined contribution scheme providing benefits to certain employees within the Group. The scheme is funded and the assets of the scheme are held separately from the Group's assets in a Trustee administered fund.

The latest actuarial valuation of the UK Group scheme was carried out as at 31 December 2004 by professionally qualified independent actuaries. Details of this valuation are contained in the financial statements of Crown UK Holdings Ltd.

The contributions paid by the company for the year ended 31 December 2004 were £1,082,000 (2003: £817,000). The company re-commenced employers contributions with effect from 1 April 2003 and hence the 2004 figure incorporates 12 months of charge versus 9 months in 2003. All amounts due in the year were paid and as such there are no accruals or prepayments in respect of pension scheme contributions at the year end. The contributions are based on pension costs across the Group as a whole.

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

CROWN SPECIALITY PACKAGING UK PLC

Notes to the financial statements – 31 December 2004 (Continued)

16 Retirement benefits (continued)

Post retirement medical costs

The company continues to participate in private post retirement schemes for certain Executives and, in some instances, their dependants. To date, on retirement of these Executives, the liability to provide ongoing benefits to the retiree has been transferred to another fellow group undertaking, Crown Packaging UK plc. As such, no contributions have been made to the medical plan by the company on retirement of these Executives. The latest actuarial valuation of the medical plan for the purposes of compliance with the requirements of FRS 17 was carried out by professionally qualified independent actuaries as at 31 December 2004. The major assumptions used by the actuaries are as follows:

	2004	2003	2002
Discount rate	5.25%	5.5%	5.5%
Medical inflation	4.50%	5.0%	5.0%

Post retirement medical benefits are not funded in advance. Premiums are paid as they fall due.

	2004 £'000	2003 £'000	2002 £'000
Present value of liabilities	349	350	298
Related deferred tax asset	(105)	(105)	(89)
	244	245	209

The following amounts have been recognised in the performance statements in the year to 31 December 2004.

	2004 £'000	2003 £'000
Operating profit		
Current service cost	10	9
	2004 £'000	2003 £'000
Other finance expense		
Interest on plan liabilities	19	17
	2004 £'000	2003 £'000
Statement of total recognised gains and losses		
Actuarial (gain)/loss	(30)	26
Movement in deficit during the year		
	2004 £'000	2003 £'000
Deficit in plan at beginning of the year	350	298
Movement in the year:		
Current service cost	10	9
Other finance expense	19	17
Actuarial (gain)/loss	(30)	26
Deficit in plan at end of the year	349	350

CROWN SPECIALITY PACKAGING UK PLC

Notes to the financial statements – 31 December 2004 (Continued)

17 Guarantees

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.

18 Ultimate parent undertaking

The company's immediate parent undertaking is Crown Packaging UK plc, a company registered in the UK. The ultimate parent undertaking and controlling party is Crown Holdings, Inc., which is incorporated in the USA.

The smallest and largest groups for which accounts are prepared and which include the accounts of the company are Crown UK Holdings Limited and Crown Holdings, Inc. respectively.

Copies of the consolidated group accounts of Crown UK Holdings Limited and Crown Holdings, Inc. are publicly available and may be obtained from CarnaudMetalbox Group UK Limited, Downsview Road, Wantage, Oxon OX12 9BP.

19 Related parties

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., a company incorporated in the US whose accounts are publicly available. Accordingly the company has not therefore disclosed transactions with members of the Crown Holdings, Inc. Group.