FISONS

This year will be one of transition for the Group, as Fisons increasingly focuses on its pharmaceutical business, building on its international marketing capability and widening its product range through licensing and other forms of collaborative arrangements.

Financial Highlights

	1994 £m	1993 £m
Turnover		
Continuing operations	**1,266**	1,211
Discontinued operations	**23**	113
Operating profit before exceptional items	**75**	65
Exceptional operating charges	**(221)**	(29)
Goodwill written off	**(279)**	(29)
Profit before tax, before exceptional items	**54**	53
Loss attributable to shareholders	**(483)**	(25)
Dividend	**(30)**	(30)
Net fixed capital expenditure	**(81)**	(96)
Net borrowings	**(208)**	(200)

Chairman's Statement

I am pleased to be able to report that Fisons' 1994 financial results before exceptional items show a modest improvement over the previous year. Operating profit has increased 17% to £75.5m, while the pre-tax profit of £54.2m, again before exceptional items, compares with a profit of £52.7m last year.

The Board is recommending a final dividend of 2.6p which maintains the total dividend for the full year at 4.3p.

Exceptional items totalling £517.9m are shown in the Accounts. These include charges against operating profit of £220.6m, of which £196.4m relates to the restructuring of the Pharmaceutical Division following the review of this business. A further £297.3m has been charged in arriving at the loss before taxation of which £278.6m represents the write-off of goodwill relating to the Scientific Instruments Division (£268.9m) now being divested and two pharmaceutical products (£9.7m).

In 1994 we saw considerable change at Board level. In March 1994 David Hankinson joined as Finance Director, and in September Stuart Wallis was appointed Chief Executive, having previously been an Executive Director of Bowater plc. I joined the Board in July and was appointed Chairman in November when Patrick Egan took the decision to retire, having appointed and seen in Stuart Wallis as Chief Executive. Patrick was Chairman during a very difficult period in Fisons' affairs and he applied himself with enthusiasm and determination to the Group's problems. Lord Plumb of Coleshill and Sir Philip Harris left the Board in December having served the Company for sixteen and eight years respectively. We thank them all for their service to the Company and wish them well in retirement. I am delighted to announce that Alan Jones, who has recently been appointed Chief Executive of BICC, joins the Board as a Non-Executive Director with effect from today.

Since the year end there have been two potentially important developments for shareholders: the proposed sale of the Scientific Instruments Division to Thermo Instrument Systems Inc. for £202m, and the sale of the major part of Fisons Research & Development operation to Astra AB where the proceeds are approximately £200m; both are of course subject to the necessary consents. The proceeds of these divestments will result in a strong balance sheet for the Group, whilst earnings will benefit from significantly lower R&D expenditure. Fisons continues to hold discussions with a number of interested parties regarding the sale of its Laboratory Supplies Division.

The decision to make these major divestments was not taken lightly. Following a thorough review of the Group's operations, the Board came to the conclusion that in an increasingly competitive international environment, it was unrealistic for a group of Fisons' size to aim to produce adequate financial support for three different businesses.

Paddy Linaker

The Pharmaceutical Division was able to show improved profitability in 1994, assisted by the discontinuance of trade loading in 1993. There has, however, been some decline in the market share enjoyed by the Division's products, both generally and in particular following generic competition for the Intal nebuliser solutions in the USA. Our expectations for Tilade have been adjusted to more realistic levels and sales in North America have made an encouraging advance in recent months. Some good progress has also been made in improving the quality of output from the Division's manufacturing facilities.

This year will be one of transition for the Group, as Fisons increasingly focuses on its restructured pharmaceutical business, building on its international marketing capability and widening its product range through licensing and other forms of collaborative arrangements. Various possibilities are being examined and I am confident that attractive growth opportunities are available for shareholders in Fisons.

Trading profits in 1995 have continued at last year's levels and this will remain the position until the benefits of the restructuring programme and other management actions start to become apparent later this year, when planned divestments are completed.

Following a general review of advisory relationships, the Audit Committee decided that it would be appropriate to consider the rotation of auditors and, following a formal tender process, concluded that a change should be made this year, with Arthur Andersen replacing Price Waterhouse. The Board wishes to express their appreciation to Price Waterhouse who have been the Company's auditors since 1929. The appointment of Arthur Andersen will be proposed at the Annual General Meeting.

Finally, I would like to thank all the Executive Directors for their hard work in a difficult year. With the addition this year of Stuart Wallis and David Hankinson, I believe Fisons now has a strong management team.

Paddy Linaker

Paddy Linaker
Chairman
29 March 1995

Anticipated proceeds from divestments and improved operational cash flow will put the Group in a position to play to its strengths in a changing healthcare environment. I am confident that further significant progress will be made in 1995 towards regaining the respect of our shareholders.

Chief Executive's Review

Stuart Wallis

Fisons has begun 1995 by taking the first steps in implementing a series of actions aimed at reducing the number of businesses, improving our financial position and focusing on our core pharmaceutical business.

This follows a review of the Group which I began in September and which involved visiting all the main manufacturing and sales locations throughout the world as well as commissioning studies into key aspects of the Group's operations. The review inevitably revealed a number of weaknesses, including a lack of real focus, a cost base which was far too high and inadequate operating margins. There was also insufficient new product development and working capital controls and cash generation needed improvement. Putting this right had to involve radical actions and also a fundamental restructuring of the ongoing pharmaceutical business.

Fortunately, there were also strengths, particularly in the excellent sales and marketing representation around the world, and the enthusiasm of the staff concerned. We have a leading position in the treatment of respiratory diseases, especially asthma, which is a major therapeutic class, and, in addition, have considerable proprietary skills in the development of new drug delivery systems for lung diseases.

The divestment of the Scientific Instruments Division which was announced in early March concluded an important negotiation from the point of view of Fisons' shareholders and was a major step in reshaping the Group to focus on its best long-term growth prospects.

Another key factor constraining profitability has been the very high level of expenditure on research and development in relation to Fisons' modest position within the industry. The agreement which we are in the process of concluding with Astra, under which they will acquire much of our R&D facilities and staff, will produce a further very useful improvement in Fisons' financial position and reduce annual levels of expenditure in this area from approximately £75m to nearer one third of this amount.

The next stage of the Group's development will aim to capitalise on the significant strengths in sales and marketing. The changes taking place within the industry are undoubtedly increasing the number and scale of the opportunities for securing additional products by licensing, by collaborations with other companies and, where appropriate, by acquisition in order to obtain greater efficiencies from our sales network. It is too early to set out the Board's detailed plans for the implementation of this strategy although a considerable number of possible actions are under active review and late stage discussion.

Fisons continues to hold discussions with a number of interested parties regarding the possible sale of all or part of its Laboratory Supplies Division, which in 1994 achieved an operating profit of £20.8m on sales of £511m. It would not be prudent to indicate how these discussions may be concluded.

Anticipated proceeds from divestments and improved operational cash flow will put the Group in a position to play to its strengths in a changing healthcare environment. I am confident that further significant progress will be made in 1995 towards regaining the respect of our shareholders.

Finally, I would like to recognise that virtually all the Group's employees will be affected in one way or another by the changes taking place and thank them for their continued loyalty and support in these changing and challenging times.

Stuart Wallis

Stuart Wallis
Chief Executive
29 March 1995

Operating Review

Although total turnover decreased slightly, sales of continuing businesses increased from £1,211m to £1,266m. Both Pharmaceutical Division and Laboratory Supplies Division contributed to this improvement and Scientific Instruments Division maintained sales in difficult market conditions.

Operating profit, before exceptional items, increased from £64.6m to £75.5m. The cessation of trade loading in 1993 was the principal factor causing the operating profit of the Pharmaceutical Division to show an increase from £49.5m to £64.3m, and Scientific Instruments Division incurred a reduced loss of £11.7m after achieving the hoped-for breakeven result for the second half. Competitive market conditions prevented Laboratory Supplies Division maintaining its margins and operating profit declined from £27.2m to £20.8m.

Exceptional items of £220.6m were charged against operating profit; and of this, £196.4m relates to the restructuring of the Pharmaceutical Division following a fundamental review of all aspects of the business and £24.2m relates to the remainder of the Group.

After exceptional charges, an operating loss of £145.1m was incurred, compared with an operating profit of £35.9m in 1993.

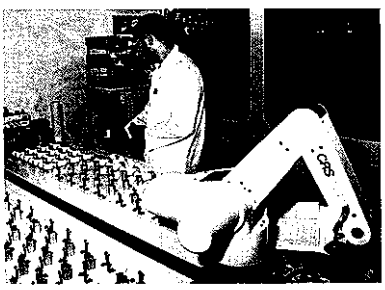
Pharmaceutical Division

Although sales increased in 1994 to £475.5m from £445.8m, this was entirely due to the effect of discontinuing, in 1993, the practice of trade loading which reduced that year's reported sales by an estimated £38m. Without this benefit, underlying sales levels were little changed.

Worldwide, sales in-market of Tilade increased by 23% over 1993 and sales of Intal in-market declined by only 4% despite the advent of generic competition for Intal nebuliser in the USA.

In the USA total in-market sales fell by 3% against market growth of 7% but a new promotional campaign for Tilade, which began in September, led to strengthened sales towards year end. In December, the collaboration with Rhône-Poulenc Rorer in the USA was terminated as both parties felt it was no longer appropriate in the light of changed market circumstances. However, the joint arrangement with Rhône-Poulenc Rorer in Europe continues to progress well.

There were encouraging signs of recovery in some of the major European markets, particularly in Germany, which was assisted by a strong performance from Aarane. In Italy, Fisons' sales grew by 9% although the value of the market declined by 8% because of price reductions and uncertainties surrounding reimbursement classifications. In France, Tilade had a good year but total sales showed little increase in difficult trading conditions. Generic competition to Intal inhaler and Opticrom in the UK resulted in lower sales. In Spain there was modest growth but sales did not meet expectations in Benelux, Central Europe and the former Eastern Bloc countries.



Robotic testing in the development of CFC free metered dose inhalers gives reliable data and fast throughput.

Sales to our distributor in Japan grew steadily. In-market respiratory sales showed strong growth of 11%; however, the low pollen season impacted overall volumes and total in-market sales were down 3%. In Asia, Africa and South America, sales were below expectations.

Operating profit increased from £49.5m in 1993 to £64.3m but the 1993 figure was reduced by an estimated £32m due to the discontinuance of trade loading. The cost reduction programme begun in 1993 produced better than expected savings net of implementation costs. However, adverse manufacturing variances, incurred as stock levels were brought more into line with sales, continued to erode the benefit of this throughout the year. Worldwide research and development expenditure increased by £6m to £79m and revenue investment in developing markets amounted to £4m.

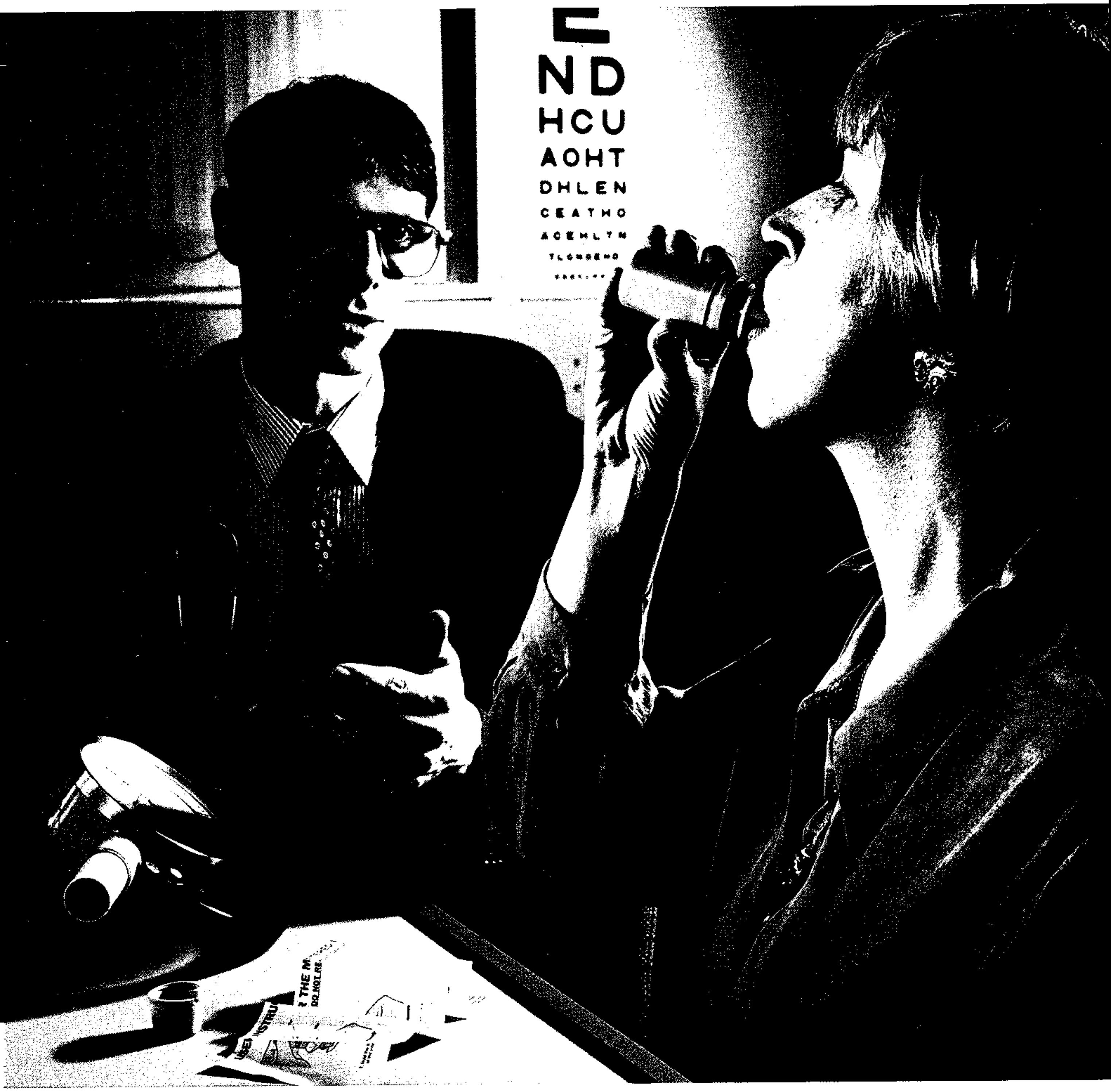
Cash flow for the year exceeded expectations because of improved working capital management and tight control on capital expenditure – without adversely affecting major programmes. Significant progress was made in the replacement programme for CFC aerosols and novel, patented CFC-free formulations of all products are now in large scale Phase III clinical trials. The earliest launches of these products are expected in 1996/97. In addition, novel inhalation delivery systems, such as the Ultrahaler™, which do not require propellants, are in development.

Research continues to be focused on two main areas, inflammation and the central nervous system. Volunteer studies are under way with the asthma/bronchitis compound FPL 68397 and the stroke compound FPL 15896. Toxicology work on the anti-obesity compound FPL 15849 is at an advanced stage. Development of the anti-inflammatory compound FPL 64170 for ulcerative colitis was discontinued in favour of finding a licensing partner.

In full development, the first bulk quantities of the new anti-thrombotic FPL 67085 have been produced and the compound is undergoing safety evaluation. Remacemide hydrochloride continued to progress satisfactorily and in late December, the FDA agreed to lift the hold on the use of remacemide in clinical studies of epilepsy.

Tilavist and Tilarin, the nedocromil sodium derived eye and nose treatments, were launched in several European countries during the year.

Investment in the research and development facility in Loughborough continued during the year, mainly centred around the £29m safety evaluation building and the £27m pilot plant. At Holmes Chapel, construction began on a new £31m inhalations manufacturing facility, focused on CFC-free inhalation asthma products and due for completion in 1995. Capital expenditure during the year amounted to £71m.



Fisons' new Ultrahaler™ device is CFC-free, requiring no propellant as it accurately delivers medicines directly to the lungs in powder form. Lightweight, compact and easy to use, it is being tested in clinical trials in the UK.

Scientific Instruments Division

On sales of £260.4m (1993: £258.5m) the Division incurred an operating loss of £11.7m (1993: £19.4m) before exceptional items.

Signs of recovery in the global instrument market during the second half of the year showed through in increased order intake which, for the year as a whole, was 9% ahead of the previous year and enabled the Division to enter 1995 with a record order pipeline. Some markets, however, did not show any real signs of recovery, most notably Japan, certain sectors in Germany and the important US environmental testing market.

Although the overall competitive climate for the constituent businesses remained aggressive, both technically and on prices, Fisons Instruments was able in a number of cases to improve its market position by innovative and rapid upgrading of its technical specifications.

The Division's initial objective of trading at a break-even level for the year was not achieved, primarily due to the weakness of the US dollar. In addition, there was a slippage in shipments compared to orders as customers delayed ordering equipment until the latter part of the year, and due to the fact that the units ordered were predominantly high value items with long lead-times. The Division has, however, succeeded in recording a small profit in the second half of the year and working capital management significantly improved cash flow.

The restructuring of the business groups which make up the Division was largely completed during 1994 and has brought about a fundamental change in culture and values.

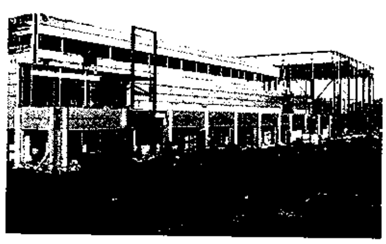
Laboratory Supplies Division

Before exceptional items, the Division achieved an operating profit of £20.8m (1993: £27.2m) on turnover which increased by 5% from £488.7m to £511.0m. This was a sound performance in difficult trading conditions. In the USA, Curtin Matheson Scientific, Inc. (CMS) experienced reduced margins due to changes in the product and service mix made to secure strategically important contracts. The disruption in the market, caused by concerns over impending healthcare reforms, continued to affect purchasing decisions. Recent Republican gains, however, in both Senate and Congress elections have removed some of the uncertainty and should lead to an increase in confidence. The clinical market was affected by exceptionally harsh weather at the beginning of the year which created transportation difficulties and also had the effect of reducing patient testing during that period.

CMS improved both its clinical and industrial market shares and major contracts obtained during 1993 made a good contribution to sales in 1994. These agreements are expected to continue to make significant contributions and a new long-term contract was successfully renegotiated with Coulter Corporation, CMS's single largest supplier. Unfortunately, acceptable terms could not be agreed with Instrumentation Laboratory and the distribution agreement which had been in place for five years was terminated at the year end.

The reduction in margins could not be compensated for by

The new £31m inhalations manufacturing facility at Holmes Chapel, due for completion in 1995.



reducing operating costs to the same extent and, in consequence, operating profit declined. A number of initiatives have been taken to improve customer service and these, together with continuing tight expense control, are expected to generate improved profits and lower working capital.

Fisons Scientific Equipment (FSE) in the UK had a satisfactory year with growth in both sales and profitability and cash flow was also strong. UK market share increased and a number of products are being introduced into the international market place, with particular emphasis on Europe. FSE continued to focus on quality and gained ISO 9000 stockist registration.

Exceptional items

Exceptional items of £220.6m have been charged against operating profit and a further £297.3m (including goodwill written off of £278.6m) has been charged in arriving at the loss before taxation.

Of the £220.6m charged against operating profit, £196.4m relates to the restructuring of the Pharmaceutical Division following a fundamental review of all aspects of the business and £24.2m relates to the remainder of the Group.

The pharmaceutical restructuring charge comprises:

	£m
Rationalisation of manufacturing and distribution	136.7
Reorganisation of administration and sales	19.3
Accounting changes	40.4
	196.4

Manufacturing and distribution

The Division's dedicated facilities in Holmes Chapel and Singapore for the manufacture of the chemicals sodium cromoglycate and nedocromil sodium were built in anticipation of sales volumes which will now not be achieved and the carrying values have been reduced by £44.4m to reflect this. At the adjusted depreciation rates, the future cost of manufacturing chemicals for the Group products will be in line with prices from alternative sources, for the volumes which the Group will require for the foreseeable future.

Manufacture of Opticrom eye drops for the Japanese market at Le Trait, France, under sterile conditions.

A further amount of £28.6m has been written off in respect of other chemical manufacturing assets and stocks which are surplus to requirements and have no alternative use.

Outside the UK, secondary manufacture will be rationalised which will result in a number of facilities being vacated. This will provide operational efficiencies but necessitates the writing down of properties to realisable value and provision for reorganisation costs. This action will bring manufacturing capacity into line with projected sales. The expected cost of these reorganisations, some of which are already under way, is £34.5m.

The remainder of the provisions associated with manufacturing and distribution, costing £29.2m, relates primarily to fixed assets and stocks at the Division's main manufacturing site at Holmes Chapel. These assets have been written down to levels which reflect anticipated future requirements and also take account of the reduced utilisation periods before the introduction of more modern and efficient facilities.

Administration and sales

Provision has been made for the expected costs of reducing the number of administrative locations which the Division has in the UK and in certain overseas territories. The rationalisation, which represents an extended and accelerated application of the existing and successful cost reduction exercise, will involve, over a period of time, a number of site closures. The provision covers the related staff redundancies and relocation as well as the write-down of surplus assets to their anticipated realisable value.

Accounting changes

The Group has decided to apply certain accounting policies more stringently than in previous years.

The introduction of improved business information systems, combined with outsourcing of related services, in part already achieved, has made some existing systems and assets redundant. This, combined with the more rigorous depreciation and amortisation policies appropriate as part of an evolving strategy towards more aggressive outsourcing of non-core activities and services, will require an asset write-down of £12.0m.

Product launch costs of £19.0m which had previously been deferred have been written off and a number of smaller non-cash impacting items, which includes certain intangible items now considered to have no future value, account for the balance of £9.4m.

Other exceptional items charged against operating profit

The remaining exceptional items cover reorganisation costs to be incurred in the Group's non-pharmaceutical businesses prior to disposal, property related costs and an amount to cover the costs involved in reducing the Group's overall management structure to more appropriate levels following the disposal of the Scientific Instruments Division.

Environment, Health & Safety

The Board is committed to setting high standards and targets in the area of EH&S. We acknowledge the fact that there is a continual need for industry to perform to high standards in respect of the health and safety of employees, customers and others who may be affected by its activities, and the protection of the environment.

Fisons has always had a policy of conducting its business responsibly and EH&S policy and goals have already been published throughout the Group with key targets and objectives having been set. The overall responsibility for setting this policy and agreeing targets lies with me, advised by the Group Environment Health & Safety Committee, which is chaired by Mike Redmond.

Good EH&S practice needs to be fully integrated into management and strategic planning. Our businesses need to plan to achieve the set objectives and will be expected to set themselves targets each year for improved performance in all aspects of EH&S including, for instance, waste reduction and lower energy usage. I expect each business to keep records and to report on progress towards these targets.

Although the responsibility of putting the policy into practice lies with operating management, senior business executives are required to be sufficiently knowledgeable about EH&S issues likely to affect their businesses so that they are able to make informed judgements on such matters. However, all employees should be involved in the effort to improve our EH&S performance and managers must set up effective means of consulting with employees at all levels. We wish to encourage everyone within the Company to participate fully in the achievement of good standards.

Fisons will make responsible and, most importantly, consistent comments to outside audiences, which include Government, relating to the EH&S matters which affect Fisons products and operations.

The EH&S team are currently involved in developing an occupational health programme to protect and enhance the health of all Fisons employees as part of the overall objectives for achieving excellence in the area of EH&S.

Stuart Wallis
Chief Executive

Financial Review

David Hankinson

Exceptional items

In total, exceptional charges of £517.9m were made against profit; of this, £220.6m was charged against operating profit (as explained in the Operating Review) and a further £297.3m was charged in arriving at the loss before taxation.

These additional charges of £297.3m included a goodwill write-off of £278.6m, of which £268.9m related to Scientific Instruments Division and £9.7m related to two minor pharmaceutical products. Also included were provisions and costs of £35.3m incurred in respect of disposals and discontinued businesses, offset by a profit of £3.0m on the disposal of horticultural businesses and certain other operations during the year. Provisions of £13.6m made in earlier years were released.

The effect of the exceptional charges was to increase the loss of £145.1m at the operating level to a loss before interest and taxation of £442.4m.

Finance charge

Higher US dollar interest rates, and the non-recurrence of bond liquidation profits which reduced the 1993 charge, were the main factors contributing to increase the finance charge from £11.9m to £21.3m. At this level it was 3.5 times covered by operating profit before exceptional items.

Result before taxation

The exceptional items of £517.9m in total had the effect of transforming the £54.2m profit before taxation achieved on trading into a loss before taxation of £463.7m.

Taxation

The taxation charge of £17.5m includes £15.8m (1993: £15.2m) of overseas taxation. The remaining £1.7m is in respect of UK taxation and represents £7.4m Advance Corporation Tax (ACT) on the maintained dividend less prior year adjustments.

Unrecovered ACT is approximately £70m. The marginal tax rate on future UK profits is therefore expected to be limited to the difference between the rates of corporation tax and ACT which is currently 13%.

Loss attributable to shareholders

After taxation and minority interests, a loss of £482.7m (1993: loss £24.5m) was recorded.

The loss per 25p Ordinary share was 69.8p (1993: loss 3.5p).

Dividend

The proposed final dividend of 2.6p per Ordinary share will, with the 1.7p interim dividend, maintain the total for the year at last year's level of 4.3p. In future, the Board's intention is to maintain the balance between interim and final dividends in line with the pattern for 1994.

Borrowings

Net borrowings at 31 December 1994 were £207.9m, an increase of £7.9m over 1993. Improved working capital management and proceeds of £24.3m from the divestment of the UK horticulture business contributed to the reduction in borrowings in the second half of the year.

Although gearing increased to 104% at year end because of the significant reduction in net worth caused by exceptional charges, the proceeds from the divestment of Scientific Instruments Division and some of the Group's pharmaceutical research and development operations will, when received, result in the elimination of borrowings. The Group has taken all necessary steps to ensure that in the intervening period it has sufficient lines of credit open to it to meet its working capital requirements.

Group capital expenditure during the year amounted to £92.5m, compared with £113.3m in 1993. Capital expenditure in 1995 will remain close to 1994 levels as the major pharmaceutical projects referred to in the Operating Review continue.

The cash impact of the exceptional items referred to above is estimated at £70m of which slightly more than half will be spent in 1995. This will be more than covered by cost savings and divestment proceeds.

Shareholders' funds

The retained loss of £512.4m includes goodwill of £278.6m which was shown as a charge against profits to comply with the requirements of UITF Abstract 3. Because, however, this goodwill had been written off against reserves at the time of acquisition, there is no further reduction in shareholders' funds at this time.

Shareholders' funds, which at 31 December 1993 (adjusted to incorporate a provision of £20m for post-employment benefits relating to earlier years) amounted to £474.6m, were reduced by £233.8m (being the retained loss for the year of £512.4m excluding goodwill of £278.6m) and by £40.3m in respect of exchange movements. At 31 December 1994, shareholders' funds were £200.5m.

Exchange exposures and currency management

Of the exchange movements of £40.3m referred to above, £35.8m arose on the maturity of a US$280m currency swap entered into at the time of the acquisition of the pharmaceutical division of Pennwalt Corporation in 1988 as a hedge against the value of the business acquired, including goodwill. Although Fisons will in future mark the liability under such transactions to market at each year end, this was not the Group's policy during the term of this transaction. The £35.8m impact absorbed this year was, however, in line with the effect which equivalent US dollar borrowings would have had on reserves over a similar period.

Fisons is a very international manufacturing and trading concern. In 1994, the Group exported goods worth approximately £210m from the UK and 91% of the Group's reported turnover arose in currencies other than Sterling. Of the Group's net operating assets, 48% are denominated in currencies other than Sterling. Against this background, the identification and management of currency exposures is of crucial importance in seeking to maximise the returns to Fisons' shareholders (in terms of both reported earnings and actual cash flows) and protect the value of shareholders' funds. Group Treasury accordingly quantify and, where appropriate, manage transaction and translation trading exposures, financing costs and net balance sheet exposure, using suitable financial instruments.

Group Treasury do not extend their currency management activities beyond the Group's underlying trading and asset base. Treasury operations are monitored on a regular basis by a committee consisting of the Chairman, Chief Executive and Finance Director and currency management activities take place only within policies laid down by the Board.

Pensions

Following an actuarial valuation of the UK pension fund at 31 March 1994, the Company has agreed to raise its contributions from 1 April 1995 to 5% of eligible payroll costs and increase them by 2% annually to 9% from 1 April 1997. During this period, employee contributions will be at half the rate paid by the Company.

Intangible assets

In accordance with the Group's accounting policy, goodwill arising on consolidation and purchased brands has been written off directly to reserves and research and development expenditure has been written off against trading profit as incurred. The considerable value of the Group's intangible assets is not therefore reflected in the balance sheet.

Property values

The Group reviews the value of its properties every three years. The last review was carried out in 1992 and the result was implemented in the accounts for that year.

D.R.L. Hankinson

David Hankinson
Finance Director
29 March 1995

Board of Directors

L. E. Linaker, Non-Executive Chairman (60) + † # ○
Paddy Linaker was appointed a Non-Executive Director of the Company on 1 July 1994 following his retirement as Deputy Chairman and Group Managing Director of M&G Group PLC, a position he had held since 1987. In November 1994 he assumed the Chairmanship of Fisons, following the retirement of Mr P. V. M. Egan. Mr Linaker is also a Non-Executive Director of TSB Group plc and Fleming Mercantile Investment Trust plc.

S. M. Wallis, Chief Executive (49) † *
Stuart Wallis was appointed Chief Executive of Fisons on 1 September 1994 and assumed full executive responsibility in November 1994, following the retirement of Mr Egan. Prior to joining Fisons, he was a Main Board Director of Bowater plc responsible for all packaging operations throughout Europe and also for that company's international health and beauty activities. Mr Wallis is also a Non-Executive Director of The Boddington Group plc.

J. M. Bailey FCIS, Director and Group Secretary (47) † *
John Bailey joined Fisons in 1978 following professional positions with Selection Trust and Spillers and was appointed Group Secretary in 1983. He was appointed to the Main Board in December 1993.

M. A. Cocca, Managing Director, Laboratory Supplies Division (USA) (51) *
Maurice Cocca, who is a citizen of the USA, is President of Curtin Matheson Scientific, Inc., which was acquired by Fisons in 1984. He was appointed Managing Director of the Laboratory Supplies Division and to the Main Board in December 1993.

D. R. L. Hankinson FCA, Finance Director (55) *
David Hankinson joined Fisons in March 1994 as Finance Director, having previously been Finance Director of Rover Group Holdings p.l.c., Lucas Industries p.l.c. and latterly Ranks Hovis McDougall p.l.c.

Dr P. Johnson, Worldwide R&D Director, Pharmaceutical Division (59) *
Peter Johnson joined Fisons in 1988 following senior management and scientific positions with Smith Kline and French, Hoechst Pharmaceuticals and the Wellcome Foundation. He was appointed Pharmaceutical Research and Development Director in 1992 and to the Main Board in 1993.

M. Redmond, Managing Director, Pharmaceutical Division (51) *
Mike Redmond joined Fisons in 1991 following senior international marketing and management positions with Schering Plough and Glaxo. He was appointed Managing Director of the Pharmaceutical Division and to the Main Board in 1993.

Dr D. R. K. Richardson, Managing Director, Scientific Instruments Division (48) *
David Richardson joined Fisons in 1974 and, following management positions within the Group and Scientific Equipment corporate planning departments and the UK manufacturing and distribution businesses of FSE, was appointed Managing Director of Fisons Instruments in March 1993. He was appointed Managing Director of the Scientific Instruments Division and to the Main Board in December 1993.

Sir Walter Bodmer FRS, Non-Executive (59) + † #
Sir Walter was appointed a Non-Executive Director of the Company in 1990. Since 1991, he has been Director-General of the Imperial Cancer Research Fund, having since 1979 been Director of Research. Prior to 1979 Sir Walter was Professor of Genetics at the University of Oxford.

A. W. Jones, Non-Executive (55) + #
Alan Jones was appointed a Non-Executive Director of the Company on 29 March 1995. With effect from 1 April 1995, Mr Jones will be Chief Executive of BICC plc. Until that date he is Chairman and Chief Executive of Westland Group Plc, a position he has held since 1989.

Dr D. H. Roberts CBE FRS, Non-Executive (63) + #
Derek Roberts was appointed a Non-Executive Director of the Company in 1993. Since 1989 he has been Provost of University College London, having previously held senior management positions with the Plessey Company and The General Electric Company, p.l.c. Dr Roberts is also a Non-Executive Director of The Great Universal Stores PLC.

+ A Member of the Group Remuneration and Share Scheme Committees
† A Member of the Group Appeals Committee
# A Member of the Group Audit Committee
* A Member of the Group Executive Committee
○ An ex-officio Member of the Group Executive Committee

Directors' Report

The Directors of Fisons plc submit to shareholders their one hundred and first annual report together with the audited accounts for the year ended 31 December 1994.

Principal activities

During the year under review the Group continued to be engaged in the manufacture and supply of ethical and proprietary medicines, analytical instruments, laboratory and educational scientific equipment, clinical diagnostic supplies and garden and horticultural products. Most of these products are marketed throughout the world. Details of disposals that occurred during the year relating to non-core activities of the Group and the announcements of the proposed sale of the Company's Scientific Instruments Division and pharmaceutical research and development operations, made since the year end, are set out in the Divestments section of this Report.

The Group operates in most major world markets and those companies which principally affected the profit and assets of the Group in 1994 are shown on page 51.

The Operating Review on pages 7 to 13 and the Financial Review on pages 15 to 17, which form an integral part of the Directors' Report, contain further information on the business activities of the Group during the year and likely future developments.

Financial results

The consolidated profit and loss account of the Group appears on page 28 and an analysis of turnover and operating profit can be found on pages 32 and 33. The Directors recommend that the loss for 1994 be dealt with as follows:

	1994 **£m**	1993 £m
Loss attributable to shareholders	**(482.7)**	(24.5)
Interim dividend of 1.7p net per share paid 3 January 1995 (4 January 1994 – 3.3p net per share)	**(11.8)**	(22.8)
Final dividend of 2.6p net per share recommended by the Directors (1 July 1994 – 1.0p net per share)	**(17.9)**	(6.9)
Retained loss	**(512.4)**	(54.2)

It is proposed to pay a final dividend of 2.6p net per Ordinary share of 25p each on 3 July 1995 to those shareholders registered on 19 May 1995. The recommended final dividend of 2.6p net per share together with the interim dividend of 1.7p net per share paid on 3 January 1995 makes a total of 4.3p net per Ordinary share of 25p each for the year (1993 – 4.3p net per share).

Employees

The Group maintains and develops the involvement of employees through both formal and informal systems of communication and consultation. Managers have a specific responsibility to communicate effectively and to promote a better understanding by employees of the activities and performance of both their local operation and the Group as a whole.

The Group operates employee share option schemes in certain countries which include savings related type schemes which encourage regular saving and enable employees to acquire options over shares in the Company.

The Company's policies and procedures relating to Health and Safety at Work continue to recognise the requirements of current legislation in the countries where the Group operates and are kept under constant review to ensure a safe working environment for all employees. Further details regarding Environment, Health and Safety are shown on page 14.

It is the policy of the Group that disabled persons should have the same consideration for employment opportunities as others where they have the appropriate skills, experience and qualifications. Similarly, disabled persons are given the same consideration as other employees for career development, training and promotion where their abilities allow. Special consideration is given to the continuity of employment of any existing employee who becomes disabled and, wherever practicable, to providing alternative employment with suitable retraining.

Directors

The current composition of the Board of Directors is shown on page 18. As referred to in last year's Report, Mr D. R. L. Hankinson was appointed Finance Director of the Company with effect from 21 March 1994. Mr L. E. Linaker was appointed a Director of the Company on 1 July 1994 and assumed the Chairmanship of the Company on 1 November 1994 following the retirement of Mr P. V. M. Egan as Chairman and a Director of the Company on 31 October 1994. Mr S. M. Wallis was appointed a Director and Chief Executive of the Company on 1 September 1994 and assumed full executive responsibility on 1 November 1994, following Mr Egan's retirement. Mr A. W. Jones was appointed a Director of the Company on 29 March 1995. In accordance with Article 92 of the Articles of Association of the Company, Mr A. W. Jones, Mr L. E. Linaker and Mr S. M. Wallis retire at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for re-election.

Sir Philip Harris and Lord Plumb retired as Directors of the Company on 31 December 1994 having served as Directors since 1 June 1986 and 19 December 1978 respectively.

In accordance with Article 86 of the Articles of Association of the Company, Mr J. M. Bailey, Dr P. Johnson and Mr M. Redmond retire by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for re-election.

Of the Directors seeking re-election Mr J. M. Bailey, Dr P. Johnson, Mr M. Redmond and Mr S. M. Wallis have service agreements with the Company which are capable of being terminated by either party giving not less than twenty-four months' notice.

Insurance has been taken out by the Company as permitted under Section 310(3) of the Companies Act 1985 (as amended by the Companies Act 1989) for its Directors and certain of its other senior officers (but not for the Auditors of the Company) indemnifying such persons against any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to the Company.

Details of the interests of each Director and, where applicable, his family, in the share capital and loan capital of the Company, including details of options over the Company's Ordinary shares of 25p each granted to Directors during the year ended 31 December 1994, are given in note 26 on pages 47 to 50.

Corporate governance

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the accounts.

The Company complies with the provisions of the Cadbury Committee's Code of Best Practice, other than during the period 1 January to 31 October 1994 when the dual role of Chairman and Chief Executive was undertaken by one person, and the recommendation relating to internal control, for which the guidance is not yet in force. The members of the Audit and Remuneration Committees are included on page 18 and the remit of these and other Board Committees are set out below.

The Group Remuneration Committee meets as and when required, but in any event, annually to review the salaries of Executive Directors. This Committee, which is chaired by Dr D. H. Roberts, also agrees the engagement terms of Directors, once candidates have been identified by the Chairman and agreed by the Board. The Share Scheme Committee meets as appropriate to administer the Company's employee share schemes and is chaired by Mr L. E. Linaker. The members of the Group Appeals Committee are also the Trustees of the Fisons Charity Trust and combined meetings are held to review individual charitable appeals. Both meetings are chaired by Mr L. E. Linaker. The Group Audit Committee reviews inter alia the preliminary statement, annual report and accounts and the interim report with the Company's external Auditors and provides the Auditors with an open forum for discussion. Accounting bases and policies of the Company and Group are also reviewed. The Committee, which meets as and when required, is chaired by Sir Walter Bodmer. The Finance Director is invited to attend meetings as appropriate. The Group Executive Committee meets each month with a formal agenda to receive and review the past month's trading results of the various Divisional operations, to review the financial progress of the Group and receive and review all proposals and specialist reports outside the individual delegated levels of authority held by Executive Directors. This Committee is chaired by Mr S. M. Wallis.

Shareholders and share capital

General

Details of the Company's share capital as at 31 December 1994 are given in note 16 on page 40. As at that date there were 42,060 shareholders and an analysis is set out on page 53.

Issue Authorities

As in recent years, the Directors remain of the opinion that it is in the Company's best interests and those of shareholders that the Directors continue to be allowed to exercise their powers under the Articles of Association to allot unissued shares in the capital of the Company. The requisite resolutions for approval at the forthcoming Annual General Meeting on 16 May 1995 are set out as Resolutions numbered 5 and 6 in the Notice of Meeting. Resolution number 5 will be proposed as an Ordinary Resolution and will authorise the Directors during the next five years to allot the current unissued share capital in the Company of £53,223,518 (representing approximately 30.8 per cent of the issued Ordinary share capital). Resolution number 6 will be proposed as a Special Resolution and will authorise the Directors, until the 1996 Annual General Meeting, to make a rights issue, to allot equity securities pursuant to the terms of the Company's various employee share schemes and to allot equity securities for cash up to an aggregate amount of £8,638,824 (being five per cent of the Company's current issued Ordinary share capital of £172,776,481.50) as permitted by the London Stock Exchange regulations and Investment Protection Committee guidelines. Other than the allotment of Ordinary shares under the terms of the Company's various employee share option schemes, the Directors have no present intention of exercising the authority to allot further relevant securities for cash.

Employee Share Schemes

A twelfth grant of options was made to eligible UK employees pursuant to the rules of the Company's Savings Related Share Option Scheme ('the SAYE Scheme') on 18 October 1994 when 665 employees were granted options over 1,653,802 Ordinary shares of 25p each at a price of 126p per share. During the year options granted under the rules of the SAYE Scheme were exercised over 13,808 Ordinary shares of 25p each.

Under the rules of the Company's International Savings Scheme, a third grant of options was made to eligible employees in the USA, Canada, France, Germany and Ireland on 15 April 1994 when 303 employees were granted options over 2,003,253 Ordinary shares of 25p each at a price of 105p per share, except in France where the price was 110p per share.

No options were exercised during the year under the VG Instruments plc Savings Related Share Option Scheme. Once all outstanding options under that Scheme have lapsed VG Instruments plc, which as advised in last year's Report was placed into voluntary liquidation in 1993, will be formally dissolved. Since 31 December 1994 no further options have been exercised under any of the Group's SAYE Schemes.

Pursuant to the rules of the Company's Share Bonus Scheme, on 5 May 1994 the Trustees ceased to hold shares on behalf of participants in respect of the 1989 appropriation and as previously reported it is not anticipated that there will be any further issues of Ordinary shares under the rules of the Share Bonus Scheme.

During the year, and pursuant to the rules of the Company's other Share Option Schemes ('the Share Option Schemes'), 4,595,000 Ordinary shares of 25p each were placed under option to 100 senior executives at a subscription price of 133p per share. Such options are first exercisable on 18 April 1997 being the third anniversary of the date of grant. In addition, pursuant to the rules of the Share Option Schemes, a further 2,157,000 Ordinary shares of 25p each were placed under option to 35 senior executives at a subscription price of 126p per share. These options are first exercisable on 11 October 1997, being the third anniversary of the date of grant, provided the performance condition (referred to below) associated with that grant is also satisfied.

As referred to in last year's Report and in accordance with the authority conferred upon them at the Company's Annual General Meeting held on 23 May 1989, the Directors of the Company amended the rules of the Company's executive 1984 Share Option Scheme in July 1994 to extend their term for a further ten year period from 21 September 1994. In addition, so as to comply with the joint guidance notice issued by the Association of British Insurers and The National Association of Pension Funds Limited on 15 July 1993, amendments were also made to the rules of the 1984 Scheme and the Company's existing two other executive Share Option Schemes adopted in 1989 to accommodate the inclusion of performance criteria at the time of making future grants of options under those rules. As a consequence of the introduction of such performance criteria, the Share Scheme and Remuneration Committees agreed in August 1994 that, in respect of the October 1994 grant of options to be made under the Company's executive Share Option Schemes, such options may only be exercised if the increase in the earnings per share of the Company over any three consecutive financial years of the Company (beginning with the financial year ending in the year of the grant) is at least equal to the increase in the retail prices index over the same period plus 6 per cent. If this performance condition is not satisfied at the earliest opportunity (that is, on publication of the Company's Annual Report and Accounts for the year ending three years after the relevant grant of options) it may be satisfied for the next following three year period (commencing with the second financial year end of the grant concerned) and so on. If the performance condition is satisfied the option shall be and remain exercisable in accordance with the rules of the Company's executive Share Option Schemes, notwithstanding the later performance of the Company. An option, unless exercised in accordance with the rules of the Company's executive Share Option Scheme under which it is granted, will lapse on the tenth anniversary of its date of grant.

At 31 December 1994 there were in aggregate options over 23,048,072 Ordinary shares of 25p each outstanding under the Group's various employee share option schemes, details of which are set out in note 16 on page 40. Further details regarding the Company's share schemes are given in note 26 on pages 48 to 50 and on page 54.

While no Awards were granted during the year pursuant to the rules of the Fisons Restricted Share Plan ('the Plan'), the Trustee, in accordance with such rules, transferred 209,116 Ordinary shares of 25p each in the Company together with accrued benefits thereunder to five participants of the Plan as a consequence of their being entitled to the early vesting of their Awards and 10,417 Ordinary shares of 25p each were duly cancelled. At 31 December 1994 the Trustee held 975,400 Ordinary shares of 25p each in the Company in respect of Awards outstanding under the Plan. Since 31 December 1994 a further Award of 45,212 Ordinary shares of 25p each has been vested.

Divestments

The following divestments by the Group occurred during the year:

- the completion in February 1994 (as previously referred to in last year's Report) of the sale of its share and debenture interests in Rallis India Limited to seven purchasers for an aggregate cash consideration of approximately £12.3m.
- the completion in July 1994 of the disposal of its UK horticulture business to a consortium of buyers led by Prudential Venture Managers Limited and involving the senior management of that business for a cash consideration of £25.3m, being the total capital employed of that business as at 30 June 1994 including a payment of £3m in respect of goodwill. £1.5m of the consideration is deferred in instalments on or before 30 June 1995 of which £0.5m had been received as at 31 December 1994.

On 2 March 1995 the Company announced that it had entered into a sale and purchase agreement with Thermo Instrument Systems Inc. relating to the sale of its worldwide scientific instruments business. The cash purchase price of £202m will be adjusted by reference to the total capital employed of the Company's Scientific Instruments Division as at completion. Whilst shareholder approval was given for the sale of this Division at an Extraordinary General Meeting of the Company held on 27 March 1995 formal completion of the sale cannot be effected until the usual government approvals in the countries involved have been received.

On 17 March 1995 the Company announced that it had reached agreement in principle for the sale of the Company's research and development operations at Loughborough in the UK and Rochester in the USA to Astra AB of Sweden for £202m. Shareholders will be advised in a separate circular of the terms of, and reasons for, this sale as soon as the definitive agreement has been executed and the circular will also contain details of the Extraordinary General Meeting at which the appropriate approval from shareholders will be sought.

Research and Development

Investment in research and development is concentrated principally in the Pharmaceutical Division which has a successful record of product innovation, particularly in the respiratory field. Further details appear on page 8 in the Operating Review.

Within the Scientific Instruments Division there is a research, development and engineering programme enabling that Division to maintain its competitive market position.

Donations

During the year, the sum of £50,000 was donated to charitable organisations within the United Kingdom. The Group made no political donations.

Substantial shareholders

As at 20 March 1995 the Company had been notified of the following interests in the issued share capital of the Company:

Affiliates of The Capital Group, Inc.	– 6.90 per cent
PDFM Limited and UBS International Investment London Limited	– 14.99 per cent
Prudential Corporation group of companies	– 3.41 per cent

In addition, M&G Investment Management Limited manage or advise 8.83 per cent of the Company's issued share capital.

Corporate information

Fisons plc is incorporated under the Companies' Acts 1862 to 1890 and is registered in England under No. 44687. The Company is publicly quoted on the Stock Exchanges of London, Tokyo, Frankfurt and Düsseldorf and its shares trade in ADR form on NASDAQ in the United States of America through a sponsored arrangement with Morgan Guaranty Trust Company of New York.

The Company's Registered Office, to which all formal notifications should be addressed, is situated at Fison House, Princes Street, Ipswich, Suffolk IP1 1QH.

The Registrars of the Company are Barclays Registrars whose address is Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Auditors

A resolution to appoint Arthur Andersen as Auditors to the Company and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

J. M. Bailey
Director and Group Secretary
Fison House, Princes Street
Ipswich, Suffolk IP1 1QH

29 March 1995

Statement of Directors' Responsibilities
in Relation to the Financial Statements

The following statement, which should be read in conjunction with the Auditors' Report set out below, in relation to the financial statements is made with a view to distinguishing for shareholders the respective responsibilities of the Directors from those of the Auditors.

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that in preparing the financial statements on pages 27 to 50, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Auditors' Report

To the members of Fisons plc.

We have audited the financial statements on pages 27 to 50 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 27.

Respective responsibilities of Directors and Auditors
As described above the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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

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

Opinion
In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 1994 and of the Group's loss and cash flow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
and Registered Auditors
London
29 March 1995

Price Waterhouse

Accounting Policies

Basis of preparation

The accounts of the Group are prepared in accordance with applicable accounting standards under the historical cost convention with certain assets included at revalued amounts and deal with the results of Fisons plc, all its subsidiaries and its associated companies for the year ended 31 December. In the case of acquisitions and disposals during the year only the results relating to the period of ownership are dealt with in the Group accounts.

In accordance with Financial Reporting Standard No. 3, Reporting Financial Performance, comparative figures have been restated where necessary.

Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at 31 December. The differences arising on translation are taken directly to reserves. The results for the year of overseas companies are expressed in sterling at the average rates of exchange prevailing during the year. Currency gains and losses on trading items are taken to profit and loss account.

Turnover

Turnover represents sales by Group companies to external customers.

Post-employment benefits

The cost of providing pensions is, together with surpluses and deficits arising on revaluation of pension scheme assets and liabilities, charged against trading profits on a systematic basis over the average remaining service lives of current benefit scheme employees.

With effect from 1 January 1994 the cost of providing health care and life cover to qualifying employees is accounted for on an accruals basis over their service lives. Previously such costs were charged in the profit and loss account as incurred.

Fixed assets and depreciation

Fixed assets are stated at cost or valuation less depreciation, except in the case of freehold land which is not depreciated. The values of land and buildings are professionally reviewed on a regular basis. Depreciation is provided on a straight line basis at an annual rate over the expected economic lives of the assets. Within the following asset classifications the expected economic lives are approximately:

i	Freehold buildings (other than in iii)		50 years
ii	Leasehold land and buildings:	long	50 years
		short	Life of lease
iii	Plant and equipment (including industrial buildings housing or linked to plant)		10 years
iv	Motor vehicles		4 years

Leases

Assets held under finance leases are treated as if they had been purchased outright at the present value of the outstanding rentals payable, less finance charges, over the primary period of the leases. The corresponding obligations under these leases are shown as creditors. The finance charge element of rentals payable is charged to profit and loss account. Rental payments under operating leases are charged to profit and loss account.

Research and development expenditure

Research and development expenditure is charged against trading profits as incurred.

Intangible assets

Individual elements of purchased goodwill are either written off directly against reserves or are amortised through the profit and loss account. Other intangible assets are amortised through the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value on a basis consistent with previous years. Cost includes appropriate overhead expenses.

Deferred taxation

Provision is made for deferred taxation where it is probable that a tax liability will become payable within the foreseeable future.

Consolidated Profit and Loss Account

Year ended 31 December 1994

	Notes	Results before Exceptional Items £m	Exceptional Items £m	1994 Total £m	1993 Total £m
Turnover					
Continuing operations	1	1,266.5	–	1,266.5	1,211.3
Discontinued operations	1	22.5	–	22.5	113.1
		1,289.0	–	1,289.0	1,324.4
Operating costs					
Before exceptional items		(1,213.5)	–	(1,213.5)	(1,259.8)
Restructuring of Pharmaceutical Division	2	–	(196.4)	(196.4)	(8.0)
Group reorganisation	2	–	(24.2)	(24.2)	(20.7)
		(1,213.5)	(220.6)	(1,434.1)	(1,288.5)
Operating profit/(loss)					
Continuing	2	74.7	(220.6)	(145.9)	29.4
Discontinued	2	0.8	–	0.8	6.5
		75.5	(220.6)	(145.1)	35.9
Goodwill written off	19	–	(278.6)	(278.6)	(29.3)
Losses less profits on disposal of businesses	19	–	(32.3)	(32.3)	(15.4)
Release of provisions	19	–	13.6	13.6	20.0
		75.5	(517.9)	(442.4)	11.2
Finance charge	3	(21.3)		(21.3)	(11.9)
Profit/(loss) before taxation		54.2		(463.7)	(0.7)
Taxation	4			(17.5)	(21.9)
Minority interests				(1.5)	(1.9)
Loss attributable to shareholders	5			(482.7)	(24.5)
Dividend	6			(29.7)	(29.7)
Retained loss	17			(512.4)	(54.2)
Loss per 25p Ordinary share	7			(69.8)p	(3.5)p

Consolidated and Fisons plc Balance Sheets

31 December 1994

	Notes	1994 Group £m	1993 Group £m	1994 Fisons plc £m	1993 Fisons plc £m
Fixed assets					
Tangible assets	8	**330.2**	449.2	**181.1**	231.5
Investments	9	**–**	–	**407.3**	420.0
		330.2	449.2	**588.4**	651.5
Current assets					
Stocks	10	**232.3**	264.0	**71.7**	101.9
Debtors	11	**306.8**	391.4	**390.0**	369.2
Investments	12	**26.6**	27.4	**–**	–
Cash at bank and in hand		**59.7**	70.7	**42.1**	58.0
		625.4	753.5	**503.8**	529.1
Current liabilities					
Creditors – amounts falling due within one year	13	**482.5**	412.7	**249.0**	225.7
Net current assets		**142.9**	340.8	**254.8**	303.4
Total assets less current liabilities		**473.1**	790.0	**843.2**	954.9
Creditors – amounts falling due after one year	14	**125.9**	200.1	**163.4**	191.4
Provision for liabilities and charges	15	**138.5**	108.4	**53.0**	43.0
		208.7	481.5	**626.8**	720.5
Capital and reserves					
Called up share capital	16	**172.8**	172.8	**172.8**	172.8
Share premium account	17	**32.3**	32.3	**32.3**	32.3
Special reserves	17	**–**	–	**230.9**	467.6
Revaluation reserve	17	**8.2**	14.1	**2.4**	5.1
Profit and loss account	17	**(12.8)**	255.4	**188.4**	42.7
Shareholders' funds comprising equity interests		**200.5**	474.6	**626.8**	720.5
Minority interests in equity		**8.2**	6.9	**–**	–
		208.7	481.5	**626.8**	720.5

Approved by the Board

S. M. Wallis

Director

29 March 1995

Cash Flow Statement

Year ended 31 December 1994

	Notes	1994 £m	1994 £m	1993 £m	1993 £m
Net cash inflow from operating activities	18		**138.8**		120.2
Returns on investments and servicing of finance					
Interest received		**2.5**		24.9	
Interest paid		**(18.7)**		(29.3)	
Dividends paid to Fisons plc shareholders		**(29.7)**		(60.2)	
Dividends paid to minority shareholders		**(0.2)**	**(46.1)**	(1.3)	(65.9)
			92.7		54.3
Taxation					
United Kingdom corporation tax paid		**(3.2)**		(16.9)	
Overseas tax paid		**(16.7)**	**(19.9)**	(11.0)	(27.9)
			72.8		26.4
Investing activities					
Purchase of tangible fixed assets		**(92.5)**		(113.3)	
Purchase of businesses		**–**		(0.6)	
Sale of tangible fixed assets		**11.4**		17.4	
Sale of businesses	19	**27.9**	**(53.2)**	221.7	125.2
Net cash inflow before financing			**19.6**		151.6
Financing					
(Decrease)/increase in amounts borrowed	20	**(69.3)**		131.3	
Decrease in investments	20	**0.8**	**(68.5)**	141.6	272.9
(Decrease)/increase in cash and cash equivalents	21		**(48.9)**		424.5

Other Primary Financial Statements

Statement of Total Recognised Gains and Losses

Year ended 31 December 1994

	1994 £m	1993 £m
Loss attributable to shareholders	**(482.7)**	(24.5)
Currency translation differences (see note 17)	**(40.3)**	(4.5)
Total recognised loss for the year	**(523.0)**	(29.0)

The comparative figures have been restated by a charge of £1.7m to reflect the change in accounting policy relating to post-employment benefits (see note 25).

Note of Historical Cost Profits and Losses

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

Movement in Shareholders' Funds

Year ended 31 December 1994

	1994 £m	1993 £m
Loss attributable to shareholders for the year	**(482.7)**	(24.5)
Dividend	**(29.7)**	(29.7)
Currency translation differences (see note 17)	**(40.3)**	(4.5)
Goodwill transferred to profit and loss account	**278.6**	29.3
Net reduction in shareholders' funds	**(274.1)**	(29.4)
Shareholders' funds at 1 January (as restated, see note below)	**474.6**	504.0
Shareholders' funds at 31 December	**200.5**	474.6

Shareholders' funds at 1 January 1994 are after charging £20m (1 January 1993 – £18.3m) as a prior year adjustment for post-employment benefit provision (see note 25).

Notes to the Accounts

1 Analysis of results

	1994 £m	1993 £m
Group turnover – continuing operations		
At 1993 average exchange rates	**1,247.1**	1,211.3
Translation effect of exchange rate movements	**19.4**	–
At average exchange rates for the year	**1,266.5**	1,211.3

Continuing operations (before exceptional items)	**1994 Turnover £m**	**1994 Profit £m**	**1994 Assets £m**	1993 Turnover £m	1993 Profit £m	1993 Assets £m
By activity						
Pharmaceutical	**475.5**	**64.3**	**257.0**	445.8	49.5	450.5
Scientific Instruments	**260.4**	**(11.7)**	**128.5**	258.5	(19.4)	150.7
Laboratory Supplies	**511.0**	**20.8**	**163.2**	488.7	27.2	156.5
Horticulture	**19.6**	**1.3**	**9.7**	18.3	0.8	9.6
	1,266.5	**74.7**	**558.4**	1,211.3	58.1	767.3

By geographical segment Analysis by location of operation	**UK £m**	**Continental Europe £m**	**North America £m**	**Rest of World £m**	**Total £m**
1994					
Total turnover	**348.6**	**328.8**	**811.5**	**72.2**	**1,561.1**
Inter-segment turnover	**(207.7)**	**(65.5)**	**(9.7)**	**(11.7)**	**(294.6)**
External turnover	**140.9**	**263.3**	**801.8**	**60.5**	**1,266.5**
Operating profit	**(13.0)**	**26.0**	**50.8**	**10.9**	**74.7**
Operating assets	**291.3**	**62.2**	**174.8**	**30.1**	**558.4**
Non-operating net liabilities					**(349.7)**
Total net assets					**208.7**
1993					
Total turnover	350.7	321.3	789.4	69.0	1,530.4
Inter-segment turnover	(214.2)	(70.8)	(17.1)	(17.0)	(319.1)
External turnover	136.5	250.5	772.3	52.0	1,211.3
Operating profit	(10.2)	(0.5)	56.1	12.7	58.1
Operating assets	378.3	114.9	217.2	56.9	767.3
Non-operating net liabilities					(325.8)
Total net assets					441.5

Non-operating net liabilities have been redefined to include all items which cannot be specifically related to the operating activities. The comparative figure has been restated to include the prior year adjustment for post-employment benefits of £20m and corporate liabilities, including provisions for the disposal of businesses, which had previously been allocated against operating assets.

1 Analysis of results continued

Analysis of turnover by destination	UK £m	Continental Europe £m	North America £m	Rest of World £m	Total £m
External turnover					
1994	**99.1**	**273.9**	**729.2**	**164.3**	**1,266.5**
1993	94.6	261.6	709.6	145.5	1,211.3

Included under North America in the above table is turnover within the United States of America amounting to £695.6m (1993 – £676.3m).

Discontinued operations	UK £m	Continental Europe £m	North America £m	Rest of World £m	Total £m
1994					
Turnover	**20.7**	**0.4**	**1.4**	–	**22.5**
Operating profit	**0.9**	**(0.1)**	–	–	**0.8**

The net assets of discontinued businesses at 31 December 1994 were either sold or fully provided against.

1993					
Turnover	53.8	3.7	35.2	20.4	113.1
Operating profit	2.3	(0.2)	3.3	1.1	6.5
Net assets	37.7	1.3	1.0	–	40.0

Inter-segment turnover was immaterial. Turnover by location of operation and by destination is not materially different.

2 Operating (loss)/profit

	1994 Continuing operations £m	**1994 Discontinued operations £m**	1993 Continuing operations £m	1993 Discontinued operations £m
The Group's operating results are analysed as follows:				
Turnover	**1,266.5**	**22.5**	1,211.3	113.1
Cost of sales	**(1,111.4)**	**(17.4)**	(926.0)	(83.4)
Gross profit	**155.1**	**5.1**	285.3	29.7
Distribution costs	**(73.9)**	**(2.4)**	(61.2)	(12.7)
Administration expenses	**(232.8)**	**(1.9)**	(203.6)	(13.1)
Other operating income	**5.7**	–	8.9	–
	(145.9)	**0.8**	29.4	3.9
Release of prior year provision	–	–	–	2.6
Operating (loss)/profit	**(145.9)**	**0.8**	29.4	6.5

Included above are exceptional items comprising £196.4m relating to the restructuring of the Pharmaceutical Division following a fundamental review of all aspects of its business and £24.2m relating to the remainder of the Group. These costs have been categorised as to cost of sales £172.9m (1993 – £26.7m) and administration costs £47.7m (1993 – £2.0m). The tax effect of exceptional items is immaterial.

2 **Operating (loss)/profit** continued

	1994 £m	1993 £m
The total operating (loss)/profit is after charging:		
Depreciation of fixed assets	**55.5**	53.9
Fixed assets written off as an exceptional item	**124.2**	–
Rentals under operating leases and similar agreements	**7.0**	7.5
Research and development expenditure	**97.5**	94.5
Auditors' remuneration:		
in respect of the Group's audit	**1.1**	1.4
in respect of non-audit work in the UK	**0.3**	0.1

	1994 Number	1993 Number
Average number of employees of the Group:		
Continuing operations by activity:		
Pharmaceutical	**6,209**	6,228
Scientific Instruments	**3,176**	3,443
Laboratory Supplies	**2,083**	1,954
Horticulture	**101**	111
	11,569	11,736
Discontinued operations	**294**	1,628
	11,863	13,364

	Continuing operations £m	Discontinued operations £m	Total £m
Aggregate employment cost of above employees:			
1994			
Wages and salaries	**280.8**	**6.2**	**287.0**
Social security costs	**42.5**	**0.8**	**43.3**
Other pension costs	**10.2**	**0.2**	**10.4**
	333.5	**7.2**	**340.7**
1993			
Wages and salaries	281.8	26.6	308.4
Social security costs	41.7	2.0	43.7
Other pension costs	7.5	0.9	8.4
	331.0	29.5	360.5

3 Finance charge

	1994 £m	1993 £m
Interest payable and similar charges in respect of loans and overdrafts:		
Wholly repayable within five years	**(24.0)**	(27.2)
Other	**(1.7)**	(2.4)
Interest receivable	**4.4**	17.7
	(21.3)	(11.9)

4 Taxation

	1994 £m	1993 £m
United Kingdom corporation tax at 33%	**7.0**	15.4
Relief for overseas taxation	**(7.0)**	(8.5)
Advance corporation tax written off	**7.4**	1.7
	7.4	8.6
Overseas taxation	**16.9**	18.4
Deferred taxation	**(0.2)**	(3.2)
Prior year adjustment	**(6.6)**	(1.9)
	17.5	21.9

5 Loss attributable to shareholders

The Company is exempt from presenting a profit and loss account by virtue of Section 230(3) of the Companies Act 1985.

Of the net loss attributable to shareholders £64.0m (1993 – loss £8.9m) has been dealt with in the accounts of Fisons plc.

6 Dividends

	1994 £m	1993 £m
Interim of 1.7p per share paid 3 January 1995 (1993 – 3.3p)	**11.8**	22.8
Final, proposed, of 2.6p per share (1993 – 1.0p)	**17.9**	6.9
	29.7	29.7

7 Loss per share

Loss per share is calculated by dividing the loss attributable to shareholders of £482.7m (1993 – £24.5m) by the weighted average share capital of 691.1m Ordinary shares of 25p (1993 – 691.1m Ordinary shares of 25p).

8 Tangible fixed assets

	Land and buildings Freehold £m	Leasehold long £m	Leasehold short £m	Plant and equipment £m	Total £m
Group					
Cost or valuation:					
At 1 January 1994	193.1	6.5	24.7	428.9	653.2
Currency translation differences	(2.1)	(0.1)	(0.1)	(3.4)	(5.7)
Additions	8.0	0.1	1.4	83.0	92.5
Disposals	–	(0.1)	(12.0)	(54.6)	(66.7)
At 31 December 1994	199.0	6.4	14.0	453.9	673.3
Being:					
Valuation at 31 December 1992	146.6	3.8	1.7	–	152.1
Valuation at 31 December 1989	1.8	0.6	–	–	2.4
Cost	50.6	2.0	12.3	453.9	518.8
	199.0	6.4	14.0	453.9	673.3
Accumulated depreciation:					
At 1 January 1994	7.9	0.4	3.8	191.9	204.0
Currency translation differences	0.1	–	–	(1.6)	(1.5)
Adjustments for disposals, etc	(2.6)	(0.1)	(1.1)	(35.3)	(39.1)
Provision for year	5.8	0.2	1.0	48.5	55.5
Written off as an exceptional item	48.1	1.7	–	74.4	124.2
At 31 December 1994	59.3	2.2	3.7	277.9	343.1
Net book amount at 31 December 1994	139.7	4.2	10.3	176.0	330.2
Net book amount at 31 December 1993	185.2	6.1	20.9	237.0	449.2
Fisons plc					
Cost or valuation:					
At 1 January 1994	100.4	5.8	5.1	227.7	339.0
Additions	6.1	–	0.2	62.8	69.1
Disposals	(8.5)	–	–	(43.2)	(51.7)
At 31 December 1994	98.0	5.8	5.3	247.3	356.4
Being:					
Valuation at 31 December 1992	65.3	3.8	1.7	–	70.8
Cost	32.7	2.0	3.6	247.3	285.6
	98.0	5.8	5.3	247.3	356.4
Accumulated depreciation:					
At 1 January 1994	4.1	0.3	1.5	101.6	107.5
Adjustments for disposals, etc	(2.0)	–	–	(27.1)	(29.1)
Provision for year	3.2	0.2	0.6	25.9	29.9
Written off as an exceptional item	17.2	1.7	–	48.1	67.0
At 31 December 1994	22.5	2.2	2.1	148.5	175.3
Net book amount at 31 December 1994	75.5	3.6	3.2	98.8	181.1
Net book amount at 31 December 1993	96.3	5.5	3.6	126.1	231.5

The net book amount of tangible fixed assets at 31 December 1994 based upon the historical cost accounting convention amounted to £320.5m (1993 – £433.6m) for the Group and £180.5m (1993 – £228.2m) for Fisons plc.

8 Tangible fixed assets continued

The net book amount of plant and equipment held under finance leases as at 31 December 1994 and 1993 was immaterial.

The book amount of assets under construction at 31 December 1994 was £101.3m (1993 – £100.0m) for the Group and £100.0m (1993 – £98.0m) for Fisons plc.

9 Fixed assets – investments

	1994 Fisons plc £m	1993 Fisons plc £m
Cost of shares in subsidiary companies:		
At 1 January	**329.5**	405.7
Additions less disposals	**(4.0)**	(76.2)
At 31 December	**325.5**	329.5
Loans owing by subsidiary companies	**81.8**	90.5
	407.3	420.0

10 Stocks

	1994 Group £m	1993 Group £m	**1994 Fisons plc £m**	1993 Fisons plc £m
Raw materials, packaging, etc	**61.6**	61.7	**33.7**	32.6
Work in progress	**39.3**	50.5	**20.3**	34.3
Finished products	**131.4**	151.8	**17.7**	35.0
	232.3	264.0	**71.7**	101.9

11 Debtors

	1994 Group £m	1993 Group £m	**1994 Fisons plc £m**	1993 Fisons plc £m
Amounts owing within one year:				
Trade debtors	**237.6**	269.4	**38.1**	64.6
Amounts owing by subsidiaries	**–**	–	**327.6**	283.8
Other debtors	**30.4**	51.1	**16.8**	10.0
Prepayments and accrued income	**11.6**	25.9	**4.0**	8.8
	279.6	346.4	**386.5**	367.2
Amounts owing beyond one year:				
Trade debtors	**0.5**	0.5	**0.2**	–
Other debtors	**19.3**	21.0	**3.3**	2.0
Prepayments and accrued income	**7.4**	23.5	**–**	–
	27.2	45.0	**3.5**	2.0
Total	**306.8**	391.4	**390.0**	369.2

12 Investments

The Group's holding, which is stated at cost, comprised highly liquid investments, largely in government stocks and floating rate notes. Of these investments, £2.6m (1993 – £6.0m) was listed on recognised overseas stock exchanges and had market values not materially different from book values.

13 Creditors – amounts falling due within one year

	1994 Group £m	1993 Group £m	1994 Fisons plc £m	1993 Fisons plc £m
Bank loans and overdrafts	**47.0**	33.5	**11.9**	0.7
Loans other than from banks	**121.3**	64.5	**43.0**	19.2
Trade creditors	**120.5**	118.8	**30.8**	29.7
Amounts owing to subsidiaries	–	–	**77.2**	86.3
Payroll and other related taxes including social security	**13.5**	13.2	**2.8**	3.6
Taxation	**30.0**	32.6	**7.5**	8.9
Dividends	**29.7**	29.7	**29.7**	29.7
Other creditors	**44.6**	47.6	**16.1**	23.1
Accruals and deferred income	**75.9**	72.8	**30.0**	24.5
	482.5	412.7	**249.0**	225.7

14 Creditors – amounts falling due after one year

	1994 Group £m	1993 Group £m	1994 Fisons plc £m	1993 Fisons plc £m
Loans other than from banks repayable:				
Beyond five years – lump sum	**9.8**	104.3	**9.8**	104.3
Between two and five years	**94.5**	34.0	**94.5**	0.3
Between one and two years	**0.3**	20.3	**0.3**	–
	104.6	158.6	**104.6**	104.6
Obligations under finance leases repayable:				
Between one and two years	–	0.1	–	0.1
Loans from banks repayable:				
Beyond five years:				
Lump sum, of which £5.6m (1993 – £5.9m) is secured	**7.7**	8.6	–	–
Instalments	–	9.1	–	–
	7.7	17.7	–	–
Between two and five years	**13.0**	7.6	**12.8**	–
Between one and two years	**0.6**	16.1	–	13.5
	21.3	41.4	**12.8**	13.5
Amounts owing to subsidiaries	–	–	**46.0**	73.2
	125.9	200.1	**163.4**	191.4

Notes	Notes	1994 £m	1993 £m
1 The aggregate amount repayable by instalments any of which are repayable beyond five years		–	18.3
2 Details of loans, all made to Fisons plc, other than from banks are:			
7½% Bonds due 1999	i	**94.5**	–
8% Bonds due 2003	ii	**5.5**	100.0
5⅞% Unsecured Loan Stock 2004-09	iii	**4.3**	4.3
11% Unsecured Loan Notes 1991-96	iv	**0.3**	0.3
		104.6	104.6

14 Creditors – amounts falling due after one year continued

i These bonds were issued on 27 January 1994. The Company may purchase the bonds at any time in the market or by tender (available to all bondholders alike) at any price. All outstanding bonds will be redeemed on 27 January 1999.

ii These bonds were issued by the Company on 4 November 1993. The Company may purchase the bonds at any time in the market or by tender (available to all bondholders alike) at any price. All outstanding bonds will be redeemed on 4 November 2003. An offer was made on 7 January 1994 to the holders of these bonds to exchange their bonds for 7½% Bonds due 1999. This offer was taken up by such holders to the total value of £94.5m and the new five-year bonds were duly issued, in exchange, to these holders on 27 January 1994.

iii This stock was issued by the Company in exchange for 4½% Cumulative Preference Stock and is redeemable at par on 31 March 2009. The Company may, on giving not less than three months' notice, redeem the whole or any part (to be selected by drawings) of the stock at par together with accrued interest on or at any time after 31 March 2004. The Company may at any time purchase stock in the market or by tender (available to all stockholders alike) at any price inclusive of interest (but exclusive of expenses) not exceeding £110 per cent but not otherwise.

iv These notes were issued by the Company as part consideration for the acquisition of VG Instruments plc. Noteholders may, on giving not less than 30 days' notice, require the redemption of any part of their holding for cash at par with accrued interest on any 1 May or 1 November. Any outstanding notes will be repaid in cash at par together with accrued interest on 1 November 1996.

15 Provision for liabilities and charges

The movement in provisions during 1994 is summarised as follows:

	Provisions in respect of		
	Disposals £m	Other liabilities £m	Total £m
Group			
At 1 January 1994	34.9	53.5	88.4
Post-retirement benefit adjustment (see note 25)	–	20.0	20.0
As restated	34.9	73.5	108.4
Currency translation adjustments	(0.3)	(0.1)	(0.4)
Cash spent	(11.3)	(25.5)	(36.8)
Assets written off	(0.9)	(9.8)	(10.7)
Released to profit and loss account	(2.4)	(3.2)	(5.6)
Additional provisions	21.3	62.3	83.6
At 31 December 1994	41.3	97.2	138.5
Fisons plc			
At 1 January 1994	6.0	24.9	30.9
Post-retirement benefit adjustment (see note 25)	–	12.1	12.1
As restated	6.0	37.0	43.0
Cash spent	(3.1)	(9.5)	(12.6)
Assets written off	(0.9)	(9.8)	(10.7)
Released to profit and loss account	1.2	(0.4)	0.8
Additional provisions	7.8	24.7	32.5
At 31 December 1994	11.0	42.0	53.0

Provisions in respect of Other liabilities include, principally, warranties and after-sales provisions, pensions, insurance claims and business restructuring.

After taking into account available advance corporation tax, the net amount of deferred tax, if full provision were made under the liability method, is not material, in 1994 or 1993.

16 Called up share capital

The authorised share capital at 31 December 1994 was £226,000,000 (1993 – £226,000,000) divided into 904,000,000 Ordinary shares of 25p each.

The allotted and fully paid up share capital was:

Allotted		£ paid
	At 1 January 1994:	
691,092,118	Ordinary shares of 25p each	**172,773,029**
13,808	Shares issued under the rules of the Employee Share Schemes	**3,452**
	At 31 December 1994:	
691,105,926	Ordinary shares of 25p each	**172,776,481**

At 31 December 1994 the total number of Ordinary shares of 25p each reserved against the exercise of options granted under the Group's various employee share option schemes was 23,048,072. Details of the options are as follows:

Scheme	Date of grant	Number of Ordinary shares of 25p each under option	Option price per Ordinary share
Fisons plc SAYE Share Option Scheme	13 October 1989	311,766	272.5p
	15 October 1990	391,464	282p
	18 October 1991	319,972	369p
	30 September 1992	2,201,827	137p
	11 October 1993	2,588,597	136p
	18 October 1994	1,650,353	126p
Fisons plc International SAYE Share Option Scheme	16 April 1992	421,186	288p
	16 April 1992	74,259	276p
	16 April 1993	991,773	166p
	16 April 1993	76,205	153p
	15 April 1994	1,956,785	105p
	15 April 1994	12,669	110p
VG Instruments plc SAYE Share Option Scheme	17 May 1989	84,216	155.66p
Fisons plc Share Option Schemes	6 April 1988	35,000	253p
	3 April 1989	95,000	272.5p
	23 October 1989	559,000	320p
	24 April 1990	150,000	334p
	9 April 1991	1,901,000	458p
	14 April 1992	890,000	343p
	27 October 1992	940,000	188p
	16 April 1993	435,000	198p
	18 October 1993	285,000	170p
	18 April 1994	4,520,000	133p
	11 October 1994	2,157,000	126p
		23,048,072	

Further details of the Company's shareholders and share capital are contained in the Directors' Report on pages 22 to 24 and on page 53.

17 Reserves

	Share premium £m	Revaluation reserve £m	Profit and loss account £m	Total £m
Group				
At 1 January 1994	32.3	14.1	275.4	321.8
Post-employment benefit adjustment (see note 25)	–	–	(20.0)	(20.0)
As restated	32.3	14.1	255.4	301.8
Retained loss for year	–	–	(512.4)	(512.4)
Currency translation differences (see note below)	–	–	(40.3)	(40.3)
Revaluation reserve realised	–	(5.9)	5.9	–
Goodwill written back	–	–	278.6	278.6
At 31 December 1994	32.3	8.2	(12.8)	27.7

Goodwill totalling £346.8m (1993 – £625.4m) arising from acquisitions between 1 January 1972 and 31 December 1994, the period during which all material amounts of goodwill have arisen, has been written off directly against reserves.

The currency translation differences arose on the translation of foreign currency net assets into sterling at year-end rates of exchange and are stated after deducting £42.8m exchange losses which arose from the translation of foreign currency borrowings and currency swap transactions in the nature of borrowings used to finance them.

	Share premium £m	Special reserve £m	Revaluation reserve £m	Profit and loss account £m	Total £m
Fisons plc					
At 1 January 1994	32.3	467.6	5.1	54.8	559.8
Post-employment benefit adjustment (see note 25)	–	–	–	(12.1)	(12.1)
As restated	32.3	467.6	5.1	42.7	547.7
Retained loss for year	–	–	–	(93.7)	(93.7)
Special reserve transferred (see note below)	–	(236.7)	–	236.7	–
Revaluation reserve realised	–	–	(2.7)	2.7	–
At 31 December 1994	32.3	230.9	2.4	188.4	454.0

A special reserve which was created in accordance with the terms of a Court Order dated 5 December 1988 has become distributable by virtue of subsequent issues of share capital and has been transferred to the profit and loss account.

18 Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	1994 £m	1993 £m
Operating (loss)/profit	(145.1)	35.9
Depreciation	55.5	53.9
Fixed assets written off	123.4	–
Decrease/(increase) in stock	18.5	(22.1)
Decrease in debtors	62.9	52.6
Increase/(decrease) in creditors	1.1	(26.4)
Increase in provisions	22.5	26.3
	138.8	120.2

During 1994 up to the date of disposal the UK horticulture business generated £16.5m cash nearly all of which resulted from the liquidation of debtors outstanding at 31 December 1993. No other cash flows from discontinued businesses in 1993 or 1994 were material.

19 Disposal of businesses

Details of the businesses disposed of during 1994 are contained in the Directors' Report (see page 24). Figures are shown below for the disposal of the UK horticulture business, the only material disposal, whilst the others are dealt with in total.

1994 Disposals	**UK horticulture business £m**	**Other disposals £m**	**1994 Total £m**	1993 Total £m
Book value of net assets disposed of:				
Tangible fixed assets	**15.0**	**1.1**	**16.1**	19.9
Stocks	**7.0**	**0.7**	**7.7**	16.3
Debtors	**5.7**	**1.2**	**6.9**	22.5
Creditors	**(4.7)**	**(0.8)**	**(5.5)**	(7.2)
Net borrowings	**–**	**–**	**–**	(6.7)
	23.0	**2.2**	**25.2**	44.8
Proceeds: received	**24.3**	**2.9**	**27.2**	52.4
deferred	**1.0**	**–**	**1.0**	18.0
Profit on disposal	**2.3**	**0.7**	**3.0**	25.6
Costs of disposals			**(0.9)**	(7.3)
			2.1	18.3
Discontinued businesses				
Costs incurred in 1994		**(11.5)**		
Assets written off		**(1.6)**		
Provision for future costs		**(21.3)**	**(34.4)**	(13.9)
Losses less profits on disposal of businesses			**(32.3)**	4.4
Release of provisions			**13.6**	20.0
			(18.7)	24.4
Loss on businesses to be discontinued			**–**	(19.8)
Goodwill written off (see note below)			**278.6**	29.3

Amounts totalling £278.6m representing a permanent impairment in value of goodwill, principally in the Scientific Instruments Division, the disposal of which was announced in March 1995, have been written off in the profit and loss account in accordance with Urgent Issues Task Force Abstract 3. This goodwill had already been written off against reserves on consolidation.

Cash effect of disposals

	1994 Disposals £m	**Pre-1994 Disposals £m**	**1994 Total £m**	1993 Total £m
Proceeds received	**27.2**	**13.1**	**40.3**	234.6
Net borrowings assumed	**–**	**–**	**–**	6.7
Cash costs	**(0.9)**	**(11.5)**	**(12.4)**	(19.6)
Total (see Cash Flow Statement)	**26.3**	**1.6**	**27.9**	221.7

The disposals for 1994 had no material effect on the tax charge (1993 – £3.0m).

20 Analysis of changes in financing during the year

	Share capital/ premium £m	Loans £m	Investments £m
At 1 January 1994	205.1	200.1	(27.4)
Cash (outflow)/inflow from financing	–	(69.3)	0.8
Currency translation differences	–	(4.9)	–
At 31 December 1994	205.1	125.9	(26.6)

Investments are liquid securities (see note 12) which are offset against borrowings, the net position of which represents the long-term financing of the Group.

21 Analysis of cash and cash equivalents

	1994 £m	1993 £m
At 1 January	(27.3)	(450.0)
Net cash (outflow)/inflow	(48.9)	424.5
Currency translation differences (see note below note 22)	(32.4)	(1.8)
At 31 December	(108.6)	(27.3)
Comprising:		
Cash at bank and in hand	59.7	70.7
Bank loans and overdrafts	(47.0)	(33.5)
Other loans	(121.3)	(64.5)
	(108.6)	(27.3)

22 Summary of total net borrowings

	At 1 January 1994 £m	Movement Exchange rate £m	Movement Cash flow £m	At 31 December 1994 £m
Group				
Cash at bank and in hand	70.7	0.6	(11.6)	59.7
Investments	27.4	–	(0.8)	26.6
Bank loans and overdrafts (see note below)	(33.5)	(36.0)	22.5	(47.0)
Other loans	(264.6)	7.9	9.5	(247.2)
	(200.0)	(27.5)	19.6	(207.9)

The adverse exchange difference in 1994 arose principally on the maturity of currency swap transactions which were in the nature of borrowings used to finance the acquisition of the pharmaceutical division of Pennwalt Corporation.

23 Future capital expenditure

	1994 Group £m	1993 Group £m	1994 Fisons plc £m	1993 Fisons plc £m
Contracted but not provided for in these accounts	**5.8**	25.1	**4.7**	21.5
Authorised by the Directors but contracts not yet placed	**59.3**	86.8	**53.9**	82.6
	65.1	111.9	**58.6**	104.1

24 Contingent liabilities

i Fisons plc has guaranteed liabilities of subsidiary companies limited to £210.6m (1993 – £219.2m) of which £118.8m subsisted at 31 December 1994 (1993 – £141.0m).

ii The Group has contingent liabilities arising in the ordinary course of business amounting to £39.6m (1993 – £46.0m) of which £19.1m (1993 – £25.7m) related to Fisons plc.

iii Land and buildings are employed in the business of the Group and no provision is made for the potential liability to taxation on any capital gains that would arise if they were disposed of at the value placed upon them in the accounts.

iv The undistributed profits of certain overseas companies would be subject to further taxation if distributed as dividends. No provision for taxation has been made in respect of these profits because there is no intention to make any material distributions in the foreseeable future.

v Annual rents charged in respect of operating leases for property amounted to £11.2m (1993 – £12.2m).

The minimum annual rentals under these leases, analysed according to the date when the rental commitments expire, are shown below:

Operating leases which expire:	1994 Property £m	1994 Plant and equipment £m	1993 Property £m	1993 Plant and equipment £m
Within one year	**0.5**	**1.1**	0.6	0.8
Within two to five years	**6.7**	**3.6**	7.2	2.4
After five years	**4.0**	**0.3**	5.6	0.1
	11.2	**5.0**	13.4	3.3

25 Post-employment benefits

Pensions

The Group operates a number of pension schemes throughout the world. All major schemes are of the defined benefit type and are funded to cover future pension liabilities after allowing for expected future earnings and pension increases. These schemes are administered independently of the Group, generally by trusts, on the advice of independent qualified actuaries.

The total charge to the profit and loss account for pension costs was £10.4m (1993 – £8.4m) and the amounts paid to the schemes amounted to £10.1m (1993 – £8.4m).

The most significant schemes in the Group impacting materially on the above figures have a total active membership of about 6,500 employees. Actuarial valuations of these schemes are undertaken on a regular basis by independent qualified actuaries appointed to the schemes, using the projected unit method. The last valuation of the UK pension scheme, the largest in the Group, was made as at 31 March 1994. The actuarial assumptions used in each of the valuations reflect the expected experience of each of these schemes. The long-term annual rate of returns on investments has been assumed to be 2.8% in excess of the annual increases in pensionable remuneration and, where applicable, 4.8% in excess of the annual increases in present and future pensions in payment. The total market value of the assets at the beginning of each of the pension schemes' accounting years was £399m, representing 119% of the actuarially assessed value of the total of the benefit entitlements of the members. The surpluses, arising primarily through good investment performance, have been amortised over the average remaining service lives of current scheme employees.

Other benefits

The Group operates post-retirement benefit plans for a number of its existing pensioners and employees. The most significant of these plans are in the UK and the USA and are for varying benefits relating to medical and dental care and life cover. Currently, these benefits are enjoyed by about 1,000 pensioners and dependants, and there are about 3,000 employees prospectively eligible to receive these benefits upon retirement from service. In compliance with the Urgent Issues Task Force Abstract 6 the Group has changed its policy for accounting for the cost of providing these benefits. With effect from 1 January 1994 such costs are accounted for on an accruals basis over the service lives of qualifying employees. Previously they were charged in the profit and loss account as incurred.

The Group's liability under these plans at 31 December 1993 was assessed, by independent actuaries using discount rates between 8% and 9%, at £20m and this amount has been set against reserves as a prior year adjustment. The equivalent figure for Fisons plc was £12.1m. The annual cost of providing for these benefits on an accruals basis in 1994 was £1.6m (1993 – £2.5m) including funding cost, compared with the cash cost of £0.5m (1993 – £0.8m). Health care costs in the USA were assumed to increase initially by 15%, declining thereafter to 6.5% by 2006, and in the UK by 10.8% in 1994, declining to 6.8% after 2002.

26 Directors

Emoluments of Directors and former Directors of Fisons plc

	1994 £	1993 £
Pension contributions	**204,462a**	97,049
Pensions	**18,963**	16,016
Other emoluments	**1,727,603**	2,030,369
	1,951,028	2,143,434
Chairman from 1 November 1994	**10,000b#**	–
Chairman to 31 October 1994	**133,672b***	161,128b*
Highest paid Director	**406,354f**	731,847c*

Other Directors' remuneration, excluding pension contributions, is within the following ranges:

	1994	1993
£0 – £5,000	–	1
£5,001 – £10,000	**1**	2
£15,001 – £20,000	**3**	3
£25,001 – £30,000	–	1
£30,001 – £35,000	**1**	–
£115,001 – £120,000	**1**	–
£145,001 – £150,000	–	1
£155,001 – £160,000	–	1
£170,001 – £175,000	**1**	–
£185,001 – £190,000	**2**	–
£190,001 – £195,000	**1**	–
£225,001 – £230,000	**1**	–
£255,001 – £260,000	–	1d*
£470,001 – £475,000	–	1e*

Notes

a Includes £107,238 provision for pensions benefits.

b There were no pension contributions in 1993 or 1994.

c Includes a payment of £43,839 in respect of accrued banked holiday entitlements relating to previous years' employment and an ex-gratia payment of £417,000 in respect of damages for breach of contract. Excludes pension contributions of £37,657.

d Includes £60,000 in respect of accrued banked holiday entitlements.

e Includes an ex-gratia payment of £340,000 in respect of damages for breach of contract.

f Excludes pension and benefit contributions of £29,252.

* Directors no longer in the service of the Company as at 31 December 1994.

\# The remuneration prior to appointment as Chairman is disclosed in the table of ranges above.

26 Directors continued

The Company operated during the year a Senior Executive Bonus Scheme under which annual bonuses are based and paid on the achievement of Divisional pre-determined targets and may also include a discretionary element based on individual employees' performance. Bonuses paid in 1994 and payable in respect of the year ended 31 December 1994 (which are included within the above emoluments and remuneration ranges) to Executive Directors amounted to £325,927 of which £109,668 was in respect of the highest paid Director. The Senior Executive Bonus Scheme is reviewed and established annually by the Remuneration Committee.

Directors' interests

The interests of each Director at 31 December 1994 and, where applicable, his family in the share capital and loan capital of the Company, compared with 1 January 1994, were as follows:

	Ordinary shares of 25p each	
	31 December 1994	**1 January 1994 or date of appointment**
J. M. Bailey	42,061	40,205
Sir Walter Bodmer	3,000	3,000
M. A. Cocca	–	–
D. R. L. Hankinson	–	–
Sir Philip Harris (retired 31.12.1994)	75,375	75,375
P. Johnson	15,922	15,922
L. E. Linaker	–	–
Lord Plumb (retired 31.12.1994)	9,290	9,290
M. Redmond	27,000	27,000
D. R. K. Richardson	8,660	8,660
D. H. Roberts	–	–
S. M. Wallis	–	–

Except where disclosed above none of the Directors had an interest in the share and loan capital of the Company.

26 Directors continued

Share Option Schemes

The interests and movements during the year in the Directors' holding of options over Ordinary shares of 25p each in the Company pursuant to the rules of the Fisons plc Share Option Schemes were as follows:

	Date of grant	Number of options held at 1.1.94	Granted during year	Number of options held at 31.12.94	Exercise price
J. M. Bailey	9.4.91	80,000		80,000	458p
	14.4.92	5,000		5,000	343p
	18.4.94		150,000	150,000	133p
		85,000	150,000	235,000	
M. A. Cocca	23.10.89	63,000		63,000	320p
	9.4.91	17,000		17,000	458p
	18.4.94		260,000	260,000	133p
		80,000	260,000	340,000	
D. R. L. Hankinson	18.4.94		260,000	260,000	133p
	11.10.94		269,000	269,000	126p
			529,000	529,000	
P. Johnson	9.4.91	25,000		25,000	458p
	14.4.92	30,000		30,000	343p
	16.4.93	30,000		30,000	198p
	18.4.94		150,000	150,000	133p
		85,000	150,000	235,000	
M. Redmond	9.4.91	80,000		80,000	458p
	14.4.92	40,000		40,000	343p
	18.4.94		150,000	150,000	133p
		120,000	150,000	270,000	
D. R. K. Richardson	14.4.92	95,000		95,000	343p
	18.4.94		150,000	150,000	133p
		95,000	150,000	245,000	
S. M. Wallis	11.10.94		888,000	888,000	126p

An option granted under the Company's Share Option Schemes is normally exercisable in whole or in part between the third and tenth anniversaries of the date of its grant. Any option not exercised will lapse on the tenth anniversary of the date of grant. No financial commitment is incurred at the time of grant. Since July 1994, the related performance condition associated with a grant of options must also be satisfied before such options can be exercised. Details of the performance condition in respect of the grant of options made on 11 October 1994 are set out on page 23.

26 Directors continued

Share Option Schemes continued

The interests and movements during the year in the Directors' holding of options over Ordinary shares of 25p each in the Company pursuant to the rules of the Fisons SAYE Schemes were as follows:

	Date of grant	Number of options held at 1.1.94	Cancelled during year	Lapsed during year	Granted during year	Number of options held at 31.12.94	Exercise price
J. M. Bailey	11.10.88	1,764		1,764			204p
	13.10.89	1,321				1,321	272.5p
	15.10.90	1,329				1,329	282p
	30.9.92	2,463				2,463	137p
	11.10.93	5,327				5,327	136p
	18.10.94				2,738	2,738	126p
		12,204		1,764	2,738	13,178	
M. A. Cocca	16.4.92	6,510	6,510				288p
	15.4.94				16,428	16,428	105p
		6,510	6,510		16,428	16,428	
D. R. L. Hankinson	18.10.94				13,690	13,690	126p
P. Johnson	30.9.92	6,076				6,076	137p
	11.10.93	7,052				7,052	136p
		13,128				13,128	
M. Redmond	30.9.92	6,076				6,076	137p
	11.10.93	7,052				7,052	136p
		13,128				13,128	
D. R. K. Richardson	13.10.89	2,510				2,510	272.5p
	30.9.92	3,722				3,722	137p
	11.10.93	4,413				4,413	136p
	18.10.94				5,202	5,202	126p
		10,645			5,202	15,847	

An option granted under the UK and International Savings Schemes is normally exercisable on or up to six months in respect of the UK Scheme and 30 days in respect of the International Savings Scheme following the fifth anniversary of the date on which the related savings contract commenced.

26 Directors continued

Share Bonus Scheme

As at 31 December 1994 Directors having an interest in Ordinary shares in the Fisons Share Bonus Scheme ('the Share Bonus Scheme') were: Mr J. M. Bailey – 1,869 (1993 – 3,725) and Dr P. Johnson – 1,869 (1993 – 1,869).

Shares appropriated under the terms of the Share Bonus Scheme are held by the Trustees of that Scheme and are ordinarily retained by them for a period of five years. Shares are transferred to participants on the fifth anniversary of the appropriation. Dividends payable during the five year retention period are receivable by participants. Earlier transfers of shares to participants are permitted prior to the fifth anniversary albeit with tax consequences. No appropriations have been made since 4 May 1990, which is the date Mr J. M. Bailey's and Dr P. Johnson's respective interests in 1,869 Ordinary shares were appropriated at 321p per share.

In addition, Mr L. E. Linaker and Lord Plumb had as at 31 December 1994 non-beneficial interests in 193,151 Ordinary shares as Trustees of the Share Bonus Scheme. Following Lord Plumb's retirement as a Director of Fisons plc on 31 December 1994, Dr D.H. Roberts became a co-Trustee of the Share Bonus Scheme with effect from 1 January 1995 and accordingly, since that date has had a non-beneficial interest in 193,151 Ordinary shares of 25p each.

Restricted Share Plan

As at 31 December 1994, the following Directors were in receipt of Awards over Ordinary shares of 25p each in the Company pursuant to the rules of the Fisons Restricted Share Plan and which were made prior to their appointment as Directors: Mr J. M. Bailey – 53,475 (1993 – 53,475), Mr M. A. Cocca – 49,479 (1993 – 49,479), Dr P. Johnson – 67,708 (1993 – 67,708), Mr M. Redmond – 67,708 (1993 – 67,708) and Dr D. R. K. Richardson – 46,487 (1993 – 46,487). Existing Awards of Ordinary shares of 25p each made under the rules of the aforementioned Plan were based on a market value of the Company's Ordinary shares at the time of grant in October 1992 of 192p per share. Ordinarily, shares vest in the participant on the third anniversary of the date of award.

Other information

The middle market closing price as derived from the Stock Exchange Daily Official List for the Ordinary shares of 25p each of the Company for 30 December 1994 (being the last trading day that the London Stock Exchange was open in 1994) was 110p (ex-dividend). The highest mid-market price during the year was 157p (ex-dividend) and the lowest mid-market price was 107p.

Further details regarding the Company's share schemes are given in note 16 on page 40 and on page 54. Save for disclosed above, there has been no change in the Directors' interests in the period 1 January 1995 to 20 March 1995. At the date of his appointment, Mr A. W. Jones had an interest in 1,795 Ordinary shares of 25p each.

No Director had an interest in the Unsecured Loan Stock of the Company. The Directors do not beneficially own any shares or debentures in any other subsidiary company. The interests of all Directors and of their families, where applicable, do not in aggregate exceed 1 per cent of either share capital or voting control of the Company or any one subsidiary.

Except under the provisions of the SAYE Share and Share Option Schemes the Company was not otherwise a party during the period under review to any scheme to benefit Directors by enabling them to buy shares in or debentures of the Company or in any other company.

None of the Directors had directly or indirectly any material interest in any contracts of significance with the Company or its subsidiaries in relation to the Company's or its subsidiaries' business at any time during the year.

Subsidiary Companies

The following are the operating subsidiary companies of Fisons plc at 31 December 1994 which principally affected the profit and assets of the Group; except where shown the shareholding is 100 per cent. A list of all subsidiary companies will be filed with the next Annual Return to the Registrar of Companies.

Company	**Country of Incorporation and of Principal Operation**
Pharmaceutical	
Fisons Pty Limited	Australia
Fisons (Bangladesh) Limited* (51% owned)	Bangladesh
Atlantic Chemical Corporation Limited	Bermuda
Fisons Corporation Limited*	Canada
Laboratoires Fisons SA	France
Fisons Arzneimittel GmbH	Germany
Fisons Italchimici S.p.A.	Italy
Fujisawa-Fisons KK (65% owned)	Japan
Fisons de Mexico, S.A. de C.V.	Mexico
Fisons BV	Netherlands
Fisons Pte Limited	Singapore
Fisons Ibérica SA	Spain
Fisons AG	Switzerland
Fisons Corporation	USA
Scientific Instruments	
Fisons Instruments SA	France
Gebrüder Haake GmbH	Germany
Fisons Instruments Vertriebs GmbH	Germany
Fisons Instruments S.p.A.	Italy
ARL Applied Research Laboratories SA	Switzerland
Fisons Instruments Inc.	USA
Kevex, Inc.	USA
Laboratory Supplies	
Curtin Matheson Scientific, Inc.	USA
Horticulture	
SCAC-Fisons SA	France
Asef BV	Netherlands
Group	
Fistar Limited	Guernsey

* Direct subsidiaries of Fisons plc

Five Year Record

	1990 £m	1991 £m	1992 £m	1993 £m	**1994 £m**
Turnover					
Continuing operations	989.5	1,041.6	1,097.3	1,211.3	**1,266.5**
Discontinued operations	197.1	198.3	186.9	113.1	**22.5**
	1,186.6	1,239.9	1,284.2	1,324.4	**1,289.0**
Profits					
Continuing operations	209.5	184.5	108.0	29.4	**(145.9)**
Discontinued operations	16.3	12.9	9.4	6.5	**0.8**
Operating profit/loss	225.8	197.4	117.4	35.9	**(145.1)**
Exceptional items	(34.8)	(24.6)	23.3	(24.7)	**(297.3)**
Finance charge	(0.8)	(11.7)	(18.4)	(11.9)	**(21.3)**
Profit before taxation	190.2	161.1	122.3	(0.7)	**(463.7)**
Taxation	(44.6)	(41.4)	(26.9)	(21.9)	**(17.5)**
Minority interests	(0.7)	(1.4)	(1.0)	(1.9)	**(1.5)**
Net profit/loss attributable to shareholders	144.9	118.3	94.4	(24.5)	**(482.7)**
Dividends	(51.5)	(60.2)	(60.2)	(29.7)	**(29.7)**
Transfer to/from reserves	93.4	58.1	34.2	(54.2)	**(512.4)**
Assets employed					
Long-term assets	344.7	380.2	433.1	449.2	**330.2**
Net current assets	228.9	198.8	235.6	340.8	**142.9**
Provision for liabilities and charges	(101.0)	(95.1)	(91.0)	(108.4)	**(138.5)**
	472.6	483.9	577.7	681.6	**334.6**
Financed by					
Ordinary shares	171.8	172.6	172.8	172.8	**172.8**
Reserves	227.4	256.3	331.2	301.8	**27.7**
Shareholders' interests	399.2	428.9	504.0	474.6	**200.5**
Minority interests	3.4	3.9	5.7	6.9	**8.2**
Loans	70.0	51.1	68.0	200.1	**125.9**
	472.6	483.9	577.7	681.6	**334.6**
Statistics					
Earnings/loss per share (FRS 3 basis)	21.3p	17.2p	13.7p	(3.5)p	**(69.8)p**
Dividend per share (gross including tax credit)	10.0p	11.6p	11.6p	5.73p	**5.73p**
Dividend earnings (times covered)	2.8	2.0	1.6	–	**–**
Number of shareholders	34,000	44,000	50,000	45,000	**42,000**

Earnings per share figures have been adjusted for the bonus element of the rights issue of 1 for 8 in 1990.

Shareholder Information

Analysis of shareholders at 31 December 1994

Classification of shareholders	Number of Holders	Percentage of Total Holders	Number of Shares	Percentage of Issued Ordinary Share Capital
Individuals	35,085	83.42	77,013,890	11.14
Banks, Nominees and Insurance Companies	5,801	13.79	543,621,325	78.66
Investment Trusts and Pension Funds	642	1.53	38,902,694	5.63
Other Corporate Bodies	532	1.26	31,568,017	4.57
	42,060	100.00	691,105,926	100.00

Shareholding range				
1 – 2,000	29,047	69.06	26,869,941	3.89
2,001 – 10,000	10,988	26.12	45,984,532	6.65
10,001 – 20,000	894	2.13	12,788,910	1.85
20,001 – 100,000	600	1.43	27,649,720	4.00
100,001 – 200,000	141	0.34	20,524,598	2.97
200,001 – 500,000	157	0.37	51,114,395	7.40
500,001 and over	233	0.55	506,173,830	73.24
	42,060	100.00	691,105,926	100.00

Dates of payments

The final dividend will be paid on 3 July 1995 to Ordinary shareholders registered on 19 May 1995. Dividend and interest payments of the Company in respect of its securities will normally be made at the following times:

Ordinary shares	First week of January and of July
5⁷/₈% Unsecured Loan Stock 2004-09	31 March and 30 September
11% Unsecured Loan Notes 1991-1996	1 May and 1 November
8% Bonds 2003	Annually on 4 November
7½% Bonds 1999	Annually on 27 January

Results

The trading results of the Group are normally published at the following times:

Interim figures for the first six months to 30 June	September
Preliminary figures for the year to 31 December	February/March
Report and accounts for the year to 31 December	April

Capital gains tax

The following information is provided for the purpose of computing Capital Gains Tax. The market values of the Company's Ordinary Stock (converted into Ordinary shares in May 1983) and loan capital on 31 March 1982 were:

Ordinary Stock – Units of £1 each	£3.025
6½% Debenture Stock 1984-89	66.25%
5⁷/₈% Unsecured Loan Stock 2004-09	41.25%

Subsequent Rights, other Capitalisation issues and Sub-divisions were:

Rights issue 1 for 5 at 385p in April 1983
Ordinary Stock Units of £1 converted into £1 Ordinary shares in May 1983
£1 Ordinary shares sub-divided into 4 Ordinary 25p shares in June 1984
Rights issue 1 for 5 at 245p in April 1985
Capitalisation issue 1 for 1 in May 1987
Rights issue 1 for 6 at 205p in September 1988
Rights issue 1 for 8 at 290p in January 1990

The 4½% Cumulative Preference Stock was exchanged for 5⅝% Unsecured Loan Stock 2004-09 (now 5⅞%) on 1 April 1969 on the basis of £1 Unsecured Loan Stock for each £1 of Cumulative Preference Stock.

Taxation of stock dividends
For shareholders who elected to receive stock units in lieu of cash in respect of the dividends paid on 2 July 1975 and 2 January 1976, the "appropriate amount in cash" as defined in the Finance (No 2) Act 1975 is 357.5p and 378.48p per stock unit respectively.

Close company provisions
The Company is not a "close company" as defined in the Income and Corporation Taxes Act 1988.

Employee share schemes
The effective prices at which shares were appropriated under the terms of the Share Bonus Scheme in the first to tenth appropriations having regard, where applicable, to the share split in 1984 and the scrip issue in 1987 were respectively 16.875p, 55p, 92.5p, 135p, 175p, 288p, 335.5p, 259p, 303p and 321p per Ordinary share of 25p each. Details of the current prices of outstanding options over Ordinary shares of 25p each granted under the other employee share schemes of the Company are set out in note 16 on page 40. A brief explanation as to the exercise of such grants is given in note 26 on pages 48 and 49.

Share split
Each Ordinary share of £1 each in the share capital of the Company was split into four Ordinary shares of 25p each on 4 June 1984. Certificates representing Ordinary shares of £1 each will continue to be recognised as a certificate for four Ordinary shares of 25p each.

Payment of dividends/interest to mandated accounts
Shareholders and stockholders who do not currently have their dividends or interest paid directly to a bank or building society account and wish to do so should complete the appropriate mandate form obtainable from the Registrars at the address given on page 25. Under this arrangement, the supporting tax vouchers are sent to the shareholder's or stockholder's registered address.

Notice of Meeting

Notice is hereby given that the one hundred and first Annual General Meeting of Fisons plc will be held in the Grand Ballroom, First Floor, of the London Hilton Hotel, 22 Park Lane, London W1A 2HH, on Tuesday, 16 May 1995 at 11.00 am for the following purposes:

1 To consider and, if approved, to adopt the reports of the Directors and Auditors and the statement of accounts for the year ended 31 December 1994

2 To confirm and declare dividends

3 To elect the following Directors who are retiring in accordance with the Articles of Association:
Mr A. W. Jones
Mr L. E. Linaker
Mr S. M. Wallis
Mr J. M. Bailey
Dr P. Johnson
Mr M. Redmond

4 To consider and pass the following Resolution which will be proposed as an Ordinary Resolution:
"THAT Arthur Andersen are appointed as Auditors of the Company with immediate effect until the conclusion of the next general meeting at which accounts are laid before the Company and that the Directors are authorised to determine the remuneration of Arthur Andersen in respect of such period."

As to Special Business:

5 To consider and pass the following Resolution which will be proposed as an Ordinary Resolution:
"THAT subject to and in accordance with Article 11(A) of the Company's Articles of Association the Directors be authorised to allot relevant securities having a nominal amount not exceeding £53,223,518 in aggregate and all previous authorities granted under Article 11 (A) of the Company's Articles of Association shall henceforth cease to have effect."

6 To consider and pass the following Resolution which will be proposed as a Special Resolution:
"THAT:
(i) subject to and in accordance with Article 11(B) of the Company's Articles of Association, the Directors be empowered to allot equity securities for cash; and
(ii) for the purposes of the limitation on the said power referred to in paragraph (c) of the said Article, the nominal amount therein mentioned shall be £8,638,824."

By Order of the Board
J. M. Bailey
Director and Group Secretary
Fison House, Princes Street
Ipswich, Suffolk IP1 1QH

12 April 1995

Notes:
1 Special notice has been duly received by the Company in accordance with Sections 379 and 391A of the Companies Act 1985 in respect of the Ordinary Resolution being proposed in 4 above.
2 Any member entitled to attend and vote at the meeting may appoint some other person as a proxy to attend and, in the event of a poll, to vote in his or her stead and that proxy need not be a member of the Company. Ordinary shareholders will receive a proxy form with this report at the time of its first issue.
3 The Directors will be pleased to welcome loan stockholders to the Annual General Meeting but attention is drawn to the fact that only holders of Ordinary shares are entitled to vote at this meeting.
4 In compliance with the requirements of the London Stock Exchange and the Companies Act 1985, the following are available for inspection by the members at the registered office of the Company during normal business hours and will be available prior to and during the meeting: a register of Directors' interests and those of their families in the shares of the Company together with a statement of transactions; a copy of each Director's contract of service unless expiring or determinable, without payment of compensation, within one year.
5 A map showing the location of the London Hilton Hotel is printed on the proxy form.

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