



THE BOOTS COMPANY

Registration
Number
301618

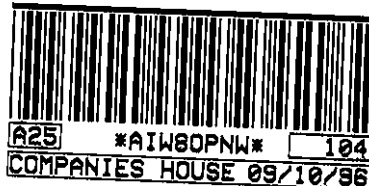
OPTREX LIMITED

DIRECTORS' REPORT

and

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 1996



Registration
No: 301618

OPTREX LIMITED
DIRECTORS' REPORT
Year ended 31st March 1996

Directors

B. Clare
D. A. Stead
P. Davey

Secretary

S. Fennell

Registered Office

1 Thane Road West
Nottingham, NG2 3AA

The directors present their annual report together with the audited financial statements for the year ended 31st March 1996.

Principal activities

The company is a wholly owned subsidiary of The Boots Company PLC. It is engaged in the marketing, selling and distribution of branded OTC healthcare products in the UK and export markets. The major brand within the company's portfolio is the Optrex range of eyecare products. Almost 90% of sales were to fellow Group companies in 1995/96. Most of the company's products are purchased from fellow subsidiaries. All of the company's activities are carried out on its behalf by fellow subsidiaries at cost.

Review of the business

1995/96 was a successful year for the company, with continuing growth for the Optrex brand in the UK and export markets. The directors are confident that the company will continue to show satisfactory growth.

Profit, dividends and retentions

Details of profit and retentions are shown in the profit and loss account on page 3. An interim dividend of £12m was declared on 27 March 1995. No interim dividend has been declared for 1996. The directors do not recommend the payment of a final dividend (1995: £Nil).

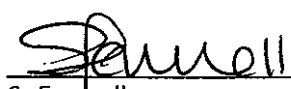
Directors

Details of directors who have served throughout the year are shown above.

Interest in the share and loan capital of the holding company at 31st March 1996 of those directors who are not directors of The Boots Company PLC are shown in note 15 on pages 10 and 11 which forms part of this report.

No director had any interest in the shares or loan capital of any other group undertakings.

By order of the board


S. Fennell
Secretary

22.07.96
Date

OPTREX LIMITED
Year ended 31st March 1996

Directors' responsibilities statement

The directors are required by the Companies Act 1985 to prepare financial statements which give a true and fair view of the profit or loss for the financial year and of the state of affairs of the company at the end of that period. The directors are of the opinion that suitable accounting policies have been used and applied consistently, applicable accounting standards have been followed, and reasonable and prudent judgements and estimates have been made. The financial statements have been prepared on a going concern basis. The directors have a responsibility to ensure that the company have suitable internal controls for maintaining adequate accounting records, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

Auditors' report

Report of the Auditors to the members of Optrex Limited

We have audited the financial statements on pages 3 to 11.

Respective responsibilities of directors and auditors

As described above, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 the company's affairs as at 31st March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditors
Birmingham

31 July 1996
Date

OPTREX LIMITED
PROFIT AND LOSS ACCOUNT
Year ended 31st March 1996

	Notes	1996 £000s	1995 £000s
Turnover	2	8,952	8,508
Cost of sales		(4,150)	(3,900)
Gross profit		4,802	4,608
Operating costs and other income	3	(43)	(54)
Operating profit and profit on ordinary activities before taxation		4,759	4,554
Tax on profit on ordinary activities	4	(1,570)	(1,501)
Profit on ordinary activities after taxation		3,189	3,053
Dividends	5	-	(12,000)
Profit/(loss) retained		3,189	(8,947)

The results for both periods are wholly attributable to the continuing operations of the company and there have been no recognised gains or losses other than the loss for the financial period as stated above.

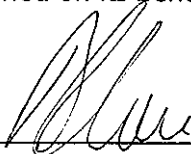
OPTREX LIMITED
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 31st March 1996

	1996	1995
	£000s	£000s
Profit for the financial year	3,189	3,053
Dividends	-	(12,000)
Net increase/(decrease) in shareholders' funds	3,189	(8,947)
Opening shareholders' funds	2,108	11,055
Closing shareholders' funds	5,297	2,108

OPTREX LIMITED
BALANCE SHEET
31st March 1996

	Notes	1996 £000s	1995 £000s
Fixed assets			
Investments	6	<u>1</u>	<u>1</u>
Current assets			
Debtors falling due within one year	7	466	3,419
Debtors falling due after more than one year	7	8,313	8,553
		<u>8,779</u>	<u>11,972</u>
Creditors: Amounts falling due within one year	8	(1,682)	(4,749)
Net current assets		<u>7,097</u>	<u>7,223</u>
Total assets less current liabilities		7,098	7,224
Creditors: Amounts falling due after more than one year	9	(1,801)	(5,116)
Net assets		<u><u>5,297</u></u>	<u><u>2,108</u></u>
Capital and reserves			
Called up share capital	10	362	362
Profit and loss account	11	4,935	1,746
Shareholders' funds	12	<u><u>5,297</u></u>	<u><u>2,108</u></u>

The financial statements were approved by the Board of Directors on 22 JUL 1996
and signed on its behalf by: B. CLARE.



Director

OPTREX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st March 1996

1. Accounting policies

Basis of accounting. The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Deferred taxation. A deferred tax provision is made only where the effects of timing differences between profits as stated in the financial statements and as computed for tax purposes are likely to reverse in the foreseeable future.

Foreign currencies. Overseas investments are stated at the rates of exchange in force at the date the investment was made.

Cash flow. A cash flow statement has not been presented in the financial statements of the company as permitted by paragraph 8c of Financial Reporting Standard 1.

2. Turnover	1996	1995
	£000s	£000s

Turnover by geographical destination is as follows:-

UK	6,598	6,462
Rest of World	2,354	2,046
	<u>8,952</u>	<u>8,508</u>

Turnover comprises sales of consumer products to external customers and other group companies excluding sales taxes.

3. Operating costs and other income	1996	1995
	£000s	£000s
Selling and distribution costs	86	112
Administrative expenses	-	5
Other operating income	(43)	(63)
	<u>43</u>	<u>54</u>
Operating profit shown on page 3 is after charging:		
Remuneration of auditors: audit fees	<u>3</u>	<u>3</u>

OPTREX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st March 1996

4.	Tax on profit on ordinary activities	1996	1995
		£000s	£000s

The charge on the profit for the year consists of:

UK corporation tax	1,570	1,501
Relief for overseas taxation	(7)	(6)
UK taxation	1,563	1,495
Overseas taxation	7	6
	<u>1,570</u>	<u>1,501</u>

5.	Dividends	1996	1995
		£000s	£000s

Final dividend	-	-
Interim dividend	-	12,000
	<u>-</u>	<u>12,000</u>

6.	Investments	Shares in Subsidiary Undertakings £000s
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Cost

At 1st April 1995 and 31st March 1996

1

The company owns beneficially the whole of the issued share capital of Optrex (Malaya)Sdn Bhd, a company incorporated in Malaysia, marketing consumer products.

In the opinion of the directors the value of the investments in subsidiary undertakings is not less than the amounts at which they are shown in the financial statements.

Group financial statements have not been prepared as permitted by section 228(2) of the Companies Act 1985.

OPTREX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st March 1996

7. Debtors	1996 £000s	1995 £000s
Falling due within one year:		
Trade debtors	158	210
Owed by parent and fellow subsidiary undertakings	308	207
Other debtors	-	2
Advance corporation tax recoverable	-	3,000
	<u>466</u>	<u>3,419</u>
Falling due after more than one year:		
Owed by parent and fellow subsidiary undertakings	8,313	8,553
	<u>8,779</u>	<u>11,972</u>

8. Creditors: Amounts falling due within one year	1996 £000s	1995 £000s
Trade creditors	42	52
Due to parent undertaking	73	195
Corporation tax	1,563	1,496
Other taxation and social security	1	3
Accruals	3	3
Advance corporation tax	-	3,000
	<u>1,682</u>	<u>4,749</u>

The amounts due to the parent undertaking are not interest bearing and no specific repayment terms exist.

9. Creditors: Amounts falling due after more than one year	1996 £000s	1995 £000s
Due to parent undertaking	<u>1,801</u>	<u>5,116</u>

OPTREX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st March 1996

10.	Called up share capital	1996	1995
		£000s	£000s
	Authorised, allotted, called up and fully paid:		
	362,000 (1995: 362,000) Ordinary shares of £1 each	362	362
		<u>362</u>	<u>362</u>
11.	Profit and loss account	£000s	
	At 1st April 1995	1,746	
	Profit retained	3,189	
	At 31st March 1996	4,935	
12.	Shareholders' funds	1996	1995
		£000s	£000s
	Equity shareholders' funds:		
	Ordinary share capital	362	362
	Profit and loss account	4,935	1,746
	Total shareholders' funds	<u>5,297</u>	<u>2,108</u>

OPTREX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st March 1996

13. Ultimate holding company

The company's immediate and ultimate holding company is The Boots Company PLC, a company incorporated in Great Britain and registered in England and Wales. The results of the company are included in the group financial statements of The Boots Company PLC.

Copies of the group financial statements may be obtained from 1, Thane Road West, Nottingham NG2 3AA.

14. Remuneration of directors

No director has received any remuneration for his services to the company during the year (1995 £Nil)

15. Directors' shareholdings

The interests in the ordinary share capital of the ultimate holding company at 31st March 1996 of those directors who are not directors of the ultimate holding company, and their families, are shown below. They are all beneficial interests. No director holds any loan capital in the ultimate holding company.

		Ordinary shares under executive and SAYE options							
	Ordinary shares	Ordinary shares	Ordinary shares under options	Average exercise price	Exercised during the year	Exercise price	Market price at date of exercise	Granted during the year	Ordinary shares under options
	1996	1995	1996	1996	the year	price	exercise	the year	1995
B Clare	55	2,500	60,000	486p	(2,500)	437p	577p	-	62,500
P Davey	-	-	32,428	497p	-	-	-	-	32,428
D A Stead	400	-	6,676	337p	-	-	-	-	6,676

No options lapsed during the year. The market price of shares at 31st March 1996 was 599p and the range during the year was 500p to 627p. Prices shown for options exercised during the year represent the weighted average of prices. The average exercise price represents the weighted average price for options outstanding at 31st March 1996.

Under a savings related scheme options may be granted to qualifying employees to subscribe for ordinary shares in the ultimate holding company at approximately 80% of market price. Options included above are exercisable from 1997 to 2001.

OPTREX LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31st March 1996

15. Directors' shareholdings (continued)

Included under 'ordinary shares' are those held in trust under a profit sharing scheme which enables qualifying employees to acquire ordinary shares in the ultimate holding company at market price from a cash bonus.

Prior to the commencement of the financial period under review certain directors were granted options to subscribe for ordinary shares in The Boots Company PLC under an executive share option scheme and such options are exercisable as follows:-

<u>Option price</u>	<u>Exercisable:</u>
438p	To June 2003
523p	From November 1996 - November 2003
531p	From June 1997 - June 2004
482p	From February 1998 - February 2005

The granting of such exexecutive share options ceased before 31st March 1995.