

Lloyds Healthcare Holdings Limited
Directors' report and Financial Statements
for the 18 months ended 31 December 1997

Registered no: 2762181



Lloyds Healthcare Holdings Limited

Annual report for the 18 months ended 31 December 1997

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Directors and advisors

Directors

G A Kershaw
S M Meister
R C H Vizard
M A Ward

Secretary and registered office

J R B Davies
Hampton Court
Tudor Road
Manor Park
Runcorn
Cheshire
WA7 1TX

Registered auditors

Coopers & Lybrand
Temple Court
35 Bull Street
Birmingham
B4 6JT

Bankers

National Westminster Bank plc
118 Walsgrove Road
Coventry
CV3 5ZZ

Solicitors

Addleshaw Booth & Co
100 Barbirolli Square
Manchester
M2 3AB

Directors' report for the 18 months ended 31 December 1997

The directors present their report and the audited financial statements for the 18 months ended 31 December 1997.

Principal activities

The principal activity of the company is that of holding shares in its subsidiary companies.

Results and dividends

The results for the period are set out on page 5. The directors do not recommend the payment of a final dividend (1996: £61,500,000). The retained profit for the financial period of £69,142,000 (1996: £27,700,000) is transferred to reserves.

Significant changes in fixed asset investments

The changes in investments are set out in note 9 to the financial statements.

The company transferred its shareholding in Holland & Barrett Retail Limited to a fellow group company on 11 April 1997.

Directors and directors' interests

The directors who held office during the year were as follows:

A J Lloyd (resigned 21 January 1997)
M A Ward
R G Turner (resigned 21 January 1997)
S W Buckell (resigned 30 May 1997)
J C Fellows (resigned 21 January 1997)
S M Meister (appointed 21 January 1997)
G A Kershaw (appointed 21 January 1997)
R C H Vizard (appointed 21 January 1997)

At the period end no director had any interest in the share capital of the company or of its parent undertakings. The interests of A J Lloyd, M A Ward, R G Turner, M J Hardy and J C Fellows in the share capital of Lloyds Chemist plc at the beginning of and during the period are disclosed within the accounts of Lloyds Chemists plc.

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The interests of S W Buckell in the share capital of Lloyds Chemists plc were:

	Preference shares of 5p each		Ordinary shares of 5p each		Executive share option scheme ordinary shares of 5p each		SAYE share option scheme ordinary shares of 5p each	
	1997	1996	1997	1996	1997	1996	1997	1996
S W Buckell	-	608	-	5,796	-	57,000	-	7,560

No director had any interest in the share capital of any other group undertakings.

Statement of directors' responsibilities

The directors are required by UK Company Law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 31 December 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand will be proposed at the annual general meeting.

On behalf of the Board



Director

23 June 1998

**Report of the auditors
to the members of Lloyds Healthcare Holdings Limited**

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of directors and auditors

As described on page 3, 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.

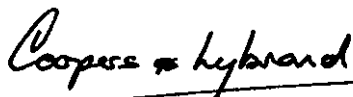
Basis of opinion

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 the company's affairs at 31 December 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors

Birmingham
24 June 1998

**Profit and loss account
for the 18 months ended 31 December 1997**

	Notes	18 months ended 31 December 1997 £'000	Year ended 30 June 1996 £'000
Income from shares in group undertakings	6	-	89,200
Amounts written off investments		(5,000)	-
Profits on transfer of investment		73,838	-
Profit on ordinary activities before interest and taxation		68,838	89,200
Interest receivable	4	1,416	-
Profit on ordinary activities before taxation	5	70,254	89,200
Taxation on profit on ordinary activities	7	(1,112)	-
Profit for the financial period		69,142	89,200
Proposed dividends	8	-	(61,500)
Retained profit for the financial period		69,142	27,700

During the period ended 31 December 1997 there were no recognised gains or losses other than the profit for the financial period of £69,142,000 (1996 : £89,200,000).


There is no difference between the historical cost profit on ordinary activities before taxation and that reported in the profit and loss account for the period ended 31 December 1997.

Balance sheet at 31 December 1997

	Notes	31 December 1997		30 June 1996	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	9		<u>25,500</u>		<u>31,500</u>
Current assets					
Debtors	10	177,501		120,210	
Creditors: amounts falling due within one year	11		<u>(1,149)</u>		<u>(91,500)</u>
Net current assets			<u>176,352</u>		<u>28,710</u>
Total assets less current liabilities			<u>201,852</u>		<u>60,210</u>
Creditors: amounts falling due after more than one year	12		<u>(105,000)</u>		<u>(32,500)</u>
Net assets			<u><u>96,852</u></u>		<u><u>27,710</u></u>
Capital and reserves					
Called-up share capital	14		<u>10</u>		<u>10</u>
Profit and loss account	15		<u>96,842</u>		<u>27,700</u>
Total equity shareholders' funds	16		<u><u>96,852</u></u>		<u><u>27,710</u></u>

The financial statements on pages 5 to 11 were approved by the board of directors on 23 June 1998 and were signed on its behalf by:

M A Ward
Director



Notes to the financial statements for the 18 months ended 31 December 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable Accounting Standards.

Consolidated accounts

In accordance with Section 228 of the Companies Act 1985 the company is not required to submit group accounts as the whole of the issued share capital is held by Lloyds Chemists plc, a company registered in England and Wales, which itself prepares consolidated accounts.

Cash flow statement

The company takes advantage of the exemption in FRS 1 (revised) not to prepare a cash flow statement on the grounds that the company is a wholly owned subsidiary whose ultimate parent prepares consolidated financial statements which are publicly available.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision is made for deferred taxation, using the liability method, only to the extent that it is probable that an actual liability will crystallise.

2 Directors emoluments

The emoluments of Mr Kershaw, Mr Meister and Mr Vizard are disclosed in the financial statements of AAH Subsidiaries Ltd.

The emoluments of Mr Fellows, Mr Lloyd, Mr Turner and Mr Ward are disclosed in the financial statements of Lloyds Chemists plc.

Mr Buckell performed no management services for the company nor was he remunerated by the company, accordingly no emoluments are disclosed within these financial statements.

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3 Employees

The company had no employees during the year (1996: nil).

4 Interest receivable

	18 months ended 31 December 1997 £'000	Year ended 30 June 1996 £'000
Interest receivable	<u>1,416</u>	<u>-</u>

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is started after charging:

	18 months ended 31 December 1997 £'000	Year ended 30 June 1996 £'000
Auditors remuneration	<u>2</u>	<u>1</u>

6 Income from shares in group undertakings

	18 months ended 31 December 1997 £'000	Year ended 30 June 1996 £'000
Dividends receivable	<u>-</u>	<u>89,200</u>

7 Taxation on profit on ordinary activities

	18 months ended 31 December 1997 £'000	Year ended 30 June 1996 £'000
UK corporation tax at 32% (1996: 33%)	<u>1,112</u>	<u>-</u>

8 Dividends payable

	18 months ended 31 December 1997 £'000	Year ended 30 June 1996 £'000
Proposed dividend on equity shares	-	61,500

9 Investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 July 1996	32,500
Disposals	(1,000)
At 31 December 1997	31,500
Provisions	
At 1 July 1996	1,000
Charge in period	5,000
At 31 December 1997	6,000
Net book value	
At 31 December 1997	25,500
At 1 July 1996	31,500

As at 31 December 1997 the company owned the whole of the issued share capital of the following subsidiaries, which are all registered in England and Wales:

Lloyds Retail Chemists Limited
Lloyds Supersave Limited
Barclay Pharmaceuticals Limited
Lloyds Properties Limited

In the opinion of the directors the value of the investment in subsidiary undertakings is not less than the value stated in the balance sheet.

10 Debtors

	31 December 1997 £'000	30 June 1996 £'000
Amounts owed by parent undertakings and fellow subsidiary undertakings	80,501	10
Amounts owed by subsidiary undertakings	97,000	120,200
	177,501	120,210

11 Creditors: amounts falling due within one year

	31 December 1997 £'000	30 June 1996 £'000
Amounts owed to parent and fellow subsidiary undertakings	-	2,300
Other creditors	37	-
Corporation tax	1,112	-
Proposed dividends	-	89,200
	<u>1,149</u>	<u>91,500</u>

12 Creditors: amounts falling due after more than one year

	31 December 1997 £'000	30 June 1996 £'000
Amounts owed to parent and fellow subsidiary undertakings	72,500	-
Amounts owed to subsidiary undertakings	32,500	32,500
	<u>105,000</u>	<u>32,500</u>

13 Deferred taxation

The company had no potential liability to deferred taxation at 31 December 1997 (1996: £Nil).

14 Called-up share capital

	31 December 1997 £'000	30 June 1996 £'000
Authorised, allotted, called up and fully paid 10,000 ordinary shares of £1 each	<u>10</u>	<u>10</u>

15 Reserves

	Profit and loss account £'000
At 1 July 1996	27,700
Profit for the financial period	69,142
At 31 December 1997	<u>96,842</u>

16 Reconciliation of movements in shareholders' funds

	31 December 1997 £'000	30 June 1996 £'000
Profit for the financial period	69,142	89,200
Dividends proposed	-	(61,500)
Net movement in shareholders' funds	69,142	27,700
Opening shareholders' funds	27,710	10
Closing shareholders' funds	96,852	27,710

17 Related party transactions

The company has taken advantage of the exemption granted under 3(c) of Financial Reporting Standard 8 and has not disclosed any transactions with other group companies.

18 Ultimate holding company

The ultimate parent undertaking is Franz Haniel & Cie GmbH by virtue of its majority shareholding in GEHE AG and its consolidation of the GEHE AG Group results into its own consolidated financial statements. Franz Haniel & Cie GmbH is incorporated in Germany.

Consolidated accounts for the largest group of undertakings are prepared by Franz Haniel & Cie GmbH and may be obtained from Franz Haniel Platz 1, Duisburg, Ruhrort, German.

Consolidated accounts for the smallest group of companies are prepared by GEHE AG, a company incorporated in Germany, and may be obtained from Gehe AG, Neckartalstrasse 155, D-70376 Stuttgart, Germany.