

103050/300

FC17327

Stiefel Laboratories (Ireland) Limited

Consolidated Financial Statements for the Year Ended 31 March 1997

Together With Directors' And Auditors' Reports

Registered Number: 49850

TUESDAY



A23

AJGPDN1Z

13/02/2007

724

COMPANIES HOUSE

Stiefel Laboratories (Ireland) Limited

Consolidated Financial Statements

for the Year Ended 31 March 1997

Table of Contents

	Page
Company information	1
Directors' report	2
Auditors' report	4
Consolidated profit and loss account	6
Consolidated statement of total recognised gains and losses	7
Consolidated balance sheet	8
Company balance sheet	10
Consolidated cash flow statement	11
Notes to the financial statements	12

Stiefel Laboratories (Ireland) Limited

Company Information

for the Year Ended 31 March 1997

Directors

Herbert A. Stiefel (U.S.)
Charles G. Culhane
Thomas J. Crowley

Secretary and Registered Office

Mary McDonnell,
Finisklin Industrial Estate,
Sligo.

Bankers

AIB Bank,
26 Stephen Street,
Sligo.

Solicitors

Arthur Cox & Co.,
41/45 St. Stephen's Green,
Dublin 2.

Auditors

Arthur Andersen,
Chartered Accountants and Registered Auditors,
Andersen House,
International Financial Services Centre,
Dublin 1.

Stiefel Laboratories (Ireland) Limited

Directors' report

For the year ended 31 March 1997

The Directors present their report together with the audited financial statements for the year ended 31 March 1997.

Review of the development of the business

The Group is engaged in the manufacture, supply and marketing of pharmaceutical and medicinal preparations. During the year the Group increased its product lines, developed its overseas markets and actively sought new licensing and acquisition opportunities.

Result for the year and state of affairs at 31 March 1997

The profit and loss account for the year is set out on page 6. Profit on ordinary activities after taxation for the year amounted to IR£12,477,000 (1996 - IR£11,663,000). The Directors declared and paid dividends of IR£2,567,000 (1996 - IR£862,000) for the year. Retained profit for the year was IR£8,385,000 (1996 - IR£9,577,000). The net assets attributable to Group shareholders at 31 March 1997 amounted to IR£67,260,000 (1996 - IR£59,958,000).

Dividends and retentions

Other than the declared and paid dividend of IR£2,567,000 no further distributions or transfers to reserves are recommended by the Directors.

Future developments in the business

The Group will continue to develop its current market through re-investment of its profits and will seek increased expansion through further investment, licensing and acquisitions.

Research and development

The Group continues to be heavily committed to a programme of research and development activities.

Directors

There were no changes in Directors during the year.

Health and Safety

Policies covering employee safety and welfare are in place and operating satisfactorily.

Directors' report (continued)

Directors' and Secretary's interests

At 31 March 1997, Herbert A. Stiefel held 17,667 common stock Class A shares of US\$0.01 each in Stiefel Laboratories, Inc. (1996 - 17,779). At 31 March 1996, Thomas J. Crowley held 100 "A" Redeemable Preference Shares of IR£1 each in Stiefel Laboratories (Ireland) Limited and Charles G. Culhane held 100 "B" Redeemable Preference Shares of IR£1 each in Stiefel Laboratories (Ireland) Limited. During the year ended 31 March 1997, all of these preference shares were redeemed. None of the Directors, Secretary or their families held any other interest in the share capital or debentures of the Company, its holding company or subsidiaries of the holding company at 31 March 1997 or 31 March 1996.

Directors' responsibility statement

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Company and the Group and of the profit of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 1990, and the European Communities (Companies: Group Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Arthur Andersen, Chartered Accountants, have expressed their willingness to continue in office in accordance with Section 160 (2) of the Companies Act 1963.

On behalf of the Directors

Director


T.J. CROWLEY

Director


C.G. CULHANE

17th October, 1997

ARTHUR ANDERSEN

Auditors' report

To the Members of Stiefel Laboratories (Ireland) Limited:

We have audited the financial statements on pages 6 to 34 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 12 to 14.

Respective Responsibilities of Directors and Auditors

As described on page 3, the 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 and the Group'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 the Group at 31 March 1997 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 1990, and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company. The Company's balance sheet is in agreement with the books of account.

In our opinion, the information given in the Directors' report on pages 2 and 3 is consistent with the financial statements.

ARTHUR ANDERSEN

Auditors' report (continued)

The net assets of the Company, as stated in the balance sheet on page 10, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 March 1997, a financial situation which, under Section 40(1) of the Companies (Amendment) Act 1983, would require the convening of an extraordinary general meeting of the Company.



Chartered Accountants and Registered Auditors
Dublin
17 October, 1997

Stiefel Laboratories (Ireland) Limited

Consolidated profit and loss account

For the year ended 31 March 1997

	Notes	1997 IR£000	1996 IR£000
Turnover	2	76,838	68,985
Cost of sales		<u>(21,256)</u>	<u>(19,706)</u>
Gross profit		55,582	49,279
Operating costs	3	<u>(41,750)</u>	<u>(34,416)</u>
Operating profit		13,832	14,863
Interest receivable and similar income		2,347	2,958
Interest payable and similar charges	4	<u>(25)</u>	<u>(17)</u>
Profit on ordinary activities before taxation	6	16,154	17,804
Tax on profit on ordinary activities	7	<u>(3,677)</u>	<u>(6,141)</u>
Profit on ordinary activities after taxation		12,477	11,663
Minority interests	19	<u>(1,516)</u>	<u>(1,224)</u>
Profit for the financial year attributable to Group shareholders	8	10,961	10,439
Dividends paid	9	(2,567)	(862)
Premium on redemption of preference shares	22	(9)	-
Transfer to capital redemption reserve	21	-	-
Retained profit for the year		<u>8,385</u>	<u>9,577</u>
Profit and loss account, beginning of year, as previously stated		59,052	49,556
Prior year adjustment	10	<u>239</u>	<u>158</u>
Profit and loss account, beginning of year, as restated		59,291	49,714
Retained profit for the year		<u>8,385</u>	<u>9,577</u>
Profit and loss account, end of year		<u>67,676</u>	<u>59,291</u>

The accompanying notes form an integral part of this consolidated profit and loss account.

On behalf of the Board


T.J. CROWLEY, Director


C.G. CULHANE, Director

17th October, 1997

Stiefel Laboratories (Ireland) Limited

Consolidated statement of total recognised gains and losses

For the year ended 31 March 1997

	Notes	1997 IR£000	1996 IR£000
Profit for the financial year attributable to Group shareholders		10,961	10,439
Movement in the translation reserve	21, 22	<u>(1,083)</u>	<u>542</u>
Total recognised gains and losses relating to the year		9,878	10,981
Prior-year adjustment	10	<u>239</u>	<u>158</u>
Total gains and losses recognised since previous financial statements		<u>10,117</u>	<u>11,139</u>

The accompanying notes form an integral part of this consolidated statement of total recognised gains and losses.

Stiefel Laboratories (Ireland) Limited

Consolidated balance sheet

31 March 1997

	Notes	1997 IR£000	1996 IR£000
Fixed assets			
Tangible assets	11	20,410	14,277
Financial assets	12	<u>2,456</u>	<u>2,456</u>
		<u>22,866</u>	<u>16,733</u>
 Current assets			
Stocks	13	11,023	10,003
Debtors	14	24,998	23,363
Investments - primarily unlisted government securities, at cost		23,368	18,173
Cash at bank and in hand		<u>2,731</u>	<u>5,818</u>
		62,120	57,357
 Creditors: Amounts falling due within one year	15	<u>(10,448)</u>	<u>(8,411)</u>
 Net current assets		<u>51,672</u>	<u>48,946</u>
 Total assets less current liabilities		74,538	65,679
 Creditors: Amounts falling due after more than one year	16	(60)	(54)
 Provisions for liabilities and charges	17	(457)	(501)
 Government grants	18	<u>(415)</u>	<u>(431)</u>
 Net assets		<u>73,606</u>	<u>64,693</u>

(Continued)

Stiefel Laboratories (Ireland) Limited

Consolidated balance sheet (continued)

31 March 1997

	Notes	1997 IR£000	1996 IR£000
Capital and reserves			
Called-up share capital	20	120	120
Share premium account	21	101	101
Other reserves	21	350	350
Translation reserve	21	(987)	96
Profit and loss account		<u>67,676</u>	<u>59,291</u>
Shareholders' funds	22	67,260	59,958
Minority interests	19	<u>6,346</u>	<u>4,735</u>
Total capital employed		<u>73,606</u>	<u>64,693</u>

The accompanying notes form an integral part of this consolidated balance sheet.

On behalf of the Board


T.J. CROWLEY, Director


C.G. CULHANE, Director

17th October, 1997

Stiefel Laboratories (Ireland) Limited

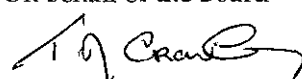
Company balance sheet

31 March 1997

	Notes	1997 IR£000	1996 IR£000
Fixed assets			
Tangible assets	11	8,027	5,867
Financial assets	12	<u>16,508</u>	<u>16,132</u>
		<u>24,535</u>	<u>21,999</u>
Current assets			
Stocks	13	2,410	2,352
Debtors	14	6,092	12,616
Investments - unlisted government securities, at cost		12,337	10,239
Cash at bank and in hand		<u>366</u>	<u>852</u>
		21,205	26,059
Creditors: Amounts falling due within one year	15	<u>(2,078)</u>	<u>(3,613)</u>
Net current assets		<u>19,127</u>	<u>22,446</u>
Total assets less current liabilities		43,662	44,445
Creditors: Amounts falling due after more than one year	16	-	-
Provisions for liabilities and charges	17	(330)	(330)
Government grants	18	<u>(415)</u>	<u>(431)</u>
Net assets		<u>42,917</u>	<u>43,684</u>
Capital and reserves			
Called-up share capital	20	120	120
Share premium account	21	101	101
Other reserves	21	350	350
Profit and loss account		<u>42,346</u>	<u>43,113</u>
		<u>42,917</u>	<u>43,684</u>

The accompanying notes form an integral part of this balance sheet.

On behalf of the Board


T.J. CROWLEY, Director


C.G. CULHANE, Director

17th October, 1997

Stiefel Laboratories (Ireland) Limited

Consolidated cash flow statement

For the year ended 31 March 1997

	Notes	1997 IR£000	1996 IR£000
Cash flow from operating activities	23a	14,291	11,905
Returns on investments and servicing of finance	23b	2,318	2,930
Taxation		(4,078)	(6,402)
Capital expenditure and financial investment	23b	(8,049)	(3,146)
Equity dividends paid		<u>(2,563)</u>	<u>(851)</u>
Cash inflow before use of liquid resources and financing		<u>1,919</u>	<u>4,436</u>
Management of liquid resources	23b	(5,616)	(1,092)
Financing:			
Increase in debt		(6)	(14)
Premium paid on redemption of preference shares		<u>(9)</u>	<u>-</u>
Increase (decrease) in cash for the period		<u><u>(3,712)</u></u>	<u><u>3,330</u></u>

The accompanying notes form an integral part of this consolidated cash flow statement.

The consolidated cash flow statement complies with the requirements of FRS1 (revised). The prior year comparatives have been restated to reflect the requirements of the revised standard.

Reconciliation of net cash flow to movement in net funds

	23c		
Increase (decrease) in cash in the period	(3,712)	3,330	
Cash inflow from increase in debt and lease financing	6	14	
Cash outflow from increase in liquid resources	<u>5,616</u>	<u>1,092</u>	
Change in net debt resulting from cash flow		1,910	4,436
Translation difference		<u>(350)</u>	<u>(466)</u>
Movement in net funds in the period		1,560	3,970
Net funds at beginning of year		<u>23,937</u>	<u>19,967</u>
Net funds at end of year		<u><u>25,497</u></u>	<u><u>23,937</u></u>

Stiefel Laboratories (Ireland) Limited

Notes to the financial statements 31 March 1997

1. Accounting policies

The financial statements have been prepared under the historical cost convention and Irish generally accepted accounting principles and are stated in Irish pounds. The principal accounting policies adopted by the Group, all of which have been applied consistently throughout the year and in the preceding year, are as follows:

a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and each of its subsidiaries for the year ended 31 March 1997. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from, or up to, the effective date of acquisition or disposal. All significant intercompany transactions have been eliminated.

b) Goodwill

Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is written off against reserves on acquisition.

c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis to write off the net cost of the assets over their expected useful lives at the following rates per annum:

Buildings	2.5%
Leasehold improvements	Over term of lease
Machinery and equipment	20%
Furniture and fittings	20%
Motor vehicles	25%

d) Financial fixed assets

Financial fixed assets are shown at cost less provisions for permanent diminution in value.

e) Stocks

Stocks are stated at the lower of purchase cost on a first in, first out basis and net realisable value. Cost in the case of raw materials and packaging materials consists of direct material costs together with any relevant duty and freight costs. In the case of work-in-progress and finished goods, cost includes materials, labour and an appropriate proportion of factory overhead based on a normal level of activity.

Net realisable value is based on the estimated normal selling price, less further costs expected to be incurred on completion and disposal. Provision is made for obsolete, slow moving and defective stocks, where appropriate.

Notes to the financial statements (continued)

1. Accounting policies (continued)

f) Government grants

Capital grants relating to fixed assets are shown as a deferred credit and are credited to the profit and loss account on a straight-line basis over the expected useful lives of the assets to which they relate.

Revenue grants are credited to the profit and loss account in the same period as the related expense is incurred.

g) Foreign currency

Foreign currency monetary assets and liabilities are translated into Irish pounds at rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated using the exchange rates ruling at the date of the transactions. Gains or losses on translation are credited or charged in the consolidated profit and loss account as they arise.

For the purpose of consolidation, the balance sheets of the foreign subsidiaries are translated into Irish pounds at the closing exchange rate. The profit and loss accounts of foreign subsidiaries are translated into Irish pounds at the average rate of exchange for the year. Movements in translation gains or losses are included in the translation reserve in the consolidated balance sheet. Where a subsidiary operates in a country with a hyperinflationary economy, the results are re-measured into a stable currency by applying the temporal method prior to being translated into Irish pounds.

h) Research and development

Research and development costs are expensed as incurred.

i) Taxation

Corporation tax is provided on taxable profits at current rates.

Deferred taxation (which arises from differences in the timing of the recognition of items in the financial statements and by the tax authorities) has been calculated using the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred taxation is not provided on timing differences which will probably not reverse.

j) Pension costs

The amount charged to the profit and loss account in respect of contributions to the Group's defined benefit pension schemes is the estimated regular cost of providing the benefits accrued in the year (as advised by professionally qualified actuaries), adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account over the average remaining service lives of employees. Any difference between amounts charged to the profit and loss account and contributions paid to the pension schemes is included in "Debtors" or "Creditors" in the balance sheet.

Contributions to the Group's defined contribution schemes are expensed as incurred.

k) Group turnover

Group turnover comprises the value of sales (excluding VAT and similar taxes, trade discounts and intra-group transactions) of goods and services in the normal course of business.

Notes to the financial statements (continued)

1. Accounting policies (continued)

l) Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term.

m) Investments

Investments are stated at the lower of cost and net realisable value.

n) Cash flows

The Accounting Standards Board issued Financial Reporting Standard 1 (Revised 1996) "Cash Flow Statements" in October 1996 which applies to financial statements with accounting periods ending on or after 23 March 1997. Accordingly, the 1997 and 1996 consolidated cash flow statements are presented in accordance with this Standard.

2. Turnover

Turnover is in respect of the supply of pharmaceutical and medicinal preparations. Turnover by geographical area during the year was as follows:

	1997 IR£000	1996 IR£000
Europe	35,019	33,957
Rest of world	<u>41,819</u>	<u>35,028</u>
	<u>76,838</u>	<u>68,985</u>

Notes to the financial statements (continued)

3. Operating costs

	1997 IR£000	1996 IR£000
Distribution	3,535	3,183
Marketing and administrative expenses	30,939	26,442
Research and development costs	<u>6,909</u>	<u>4,915</u>
	<u>41,383</u>	<u>34,540</u>

4. Interest payable and similar charges

	1997 IR£000	1996 IR£000
On bank overdrafts and other loans which are repayable within five years, not by installments	<u>25</u>	<u>17</u>

5. Employees and remuneration

a) The average number of persons employed by the Group, including executive directors, during the year was:

	1997	1996
Production	473	403
Selling and distribution	401	396
Administrative	<u>151</u>	<u>136</u>
	<u>1,025</u>	<u>935</u>

b) The payroll costs were:

	1997 IR£000	1996 IR£000
Wages and salaries	16,944	15,324
Social welfare costs	3,742	1,769
Pension costs	<u>973</u>	<u>841</u>
	<u>21,659</u>	<u>17,934</u>

Notes to the financial statements (continued)

6. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting):

	1997 IR£000	1996 IR£000
Directors' remuneration		
- Emoluments including pension contributions	131	129
Auditors' remuneration	124	127
Operating lease rentals		
- Plant and machinery	530	604
- Other assets	1,166	1,158
Depreciation of tangible fixed assets	1,892	1,543
Amortisation of government grants	(16)	(16)
Foreign exchange (gain) loss	(187)	511
Profit on sale of tangible fixed assets	(221)	(80)

All profit was generated by continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for both years and their respective historical cost equivalents.

7. Tax on profit on ordinary activities

The tax charge on profit on ordinary activities for the year comprises:

	1997 IR£000	1996 IR£000
Irish corporation tax on ordinary activities at 38% (1996 - 38%)	188	392
Deferred taxation	(44)	64
Foreign corporation tax	<u>3,661</u>	<u>5,642</u>
	<u>3,805</u>	<u>6,098</u>

The charge for taxation on profit on ordinary activities has been reduced by IR£497,000 (1996 - IR£1,034,000) as a result of the following:

	1997 IR£000	1996 IR£000
Manufacturing relief	497	1,022
Accelerated Irish capital allowances	<u>-</u>	<u>12</u>
	<u>497</u>	<u>1,034</u>

The Company is entitled, under present legislation, to an effective Irish corporation tax rate of 10% until the year 2010 on profits arising from the manufacture of goods by it in Ireland.

Notes to the financial statements (continued)

8. Profit for the financial year

Under the provisions of Section 3(2) of the Companies (Amendment) Act 1986, the Company has not presented its own profit and loss account. The profit for the financial year in the profit and loss account of the Company amounted to IR£1,798,000 (1996 - IR£3,014,000).

9. Dividends paid

	1997 IR£000	1996 IR£000
<i>Ordinary</i>		
IR£21.36 per share (1996 - IR£ 7.09)	2,563	851
<i>Preference</i>		
Class of Redeemable Preference Shares	Dividend per share	
"A"	IR£0 (1996 - IR£40.00)	4
"B"	IR£40.00 (1996 - IR£40.00)	4
"C"	IR£0 (1996 - IR£30.00)	3
	<u>2,567</u>	<u>862</u>

10. Prior-year adjustment

The Group policy for recognising sample inventory was changed in the current year. In prior years, sample inventory was expensed when received. Under the new policy, sample inventory is included as an asset in the accompanying consolidated balance sheet and is expensed when dispersed. The Directors consider that the new policy provides a fairer presentation of the results and of the financial position of the Group because it recognises samples as an inventory component which is capitalisable.

The effects of the change in policy are summarised below:

	1997 IR£000	1996 IR£000
Profit and loss account		
Decrease in operating costs	206	239
Tax on profit	<u>(78)</u>	<u>(158)</u>
Increase in profit for the financial year	<u>144</u>	<u>81</u>
Balance sheet		
Increase in debtors	590	367
Increase in creditors	<u>(207)</u>	<u>(128)</u>
Increase in net assets	<u>383</u>	<u>239</u>

Notes to the financial statements (continued)

11. Tangible fixed assets

Group	Freehold Land and Buildings IR£000	Leasehold Land and Building Improvements IR£000	Fixtures and Fittings IR£000	Machinery and Equipment IR£000	Motor Vehicles IR£000	Total IR£000
Cost						
Beginning of year	10,989	1,941	1,625	7,203	1,503	23,261
Additions	4,577	229	310	2,781	646	8,543
Disposals	(77)	(11)	(34)	(454)	(239)	(815)
Exchange adjustment	<u>127</u>	<u>(163)</u>	<u>(46)</u>	<u>(89)</u>	<u>30</u>	<u>(141)</u>
End of year	<u>15,616</u>	<u>1,996</u>	<u>1,855</u>	<u>9,441</u>	<u>1,940</u>	<u>30,848</u>
Depreciation						
Beginning of year	1,921	997	1,051	4,678	337	8,984
Charge for year	713	165	142	724	148	1,892
Disposals	(26)	(10)	(29)	(192)	(122)	(379)
Exchange adjustment	<u>(377)</u>	<u>9</u>	<u>57</u>	<u>224</u>	<u>28</u>	<u>(59)</u>
End of year	<u>2,231</u>	<u>1,161</u>	<u>1,221</u>	<u>5,434</u>	<u>391</u>	<u>10,438</u>
Net book value						
Beginning of year	<u>9,068</u>	<u>944</u>	<u>574</u>	<u>2,525</u>	<u>1,166</u>	<u>14,277</u>
End of year	<u>13,385</u>	<u>835</u>	<u>634</u>	<u>4,007</u>	<u>1,549</u>	<u>20,410</u>

Notes to the financial statements (continued)

11. Tangible fixed assets (continued)

Company	Freehold Land and Buildings IR£000	Leasehold Land and Building Improvements IR£000	Fixtures and Fittings IR£000	Machinery and Equipment IR£000	Motor Vehicles IR£000	Total IR£000
Cost						
Beginning of year	4,313	1,672	263	4,375	43	10,666
Additions	1,710	-	13	1,297	16	3,036
Disposals	-	-	(1)	(11)	-	(12)
End of year	<u>6,023</u>	<u>1,672</u>	<u>275</u>	<u>5,661</u>	<u>59</u>	<u>13,690</u>
Depreciation						
Beginning of year	1,314	490	210	2,774	11	4,799
Charge for year	376	117	17	358	4	872
Disposals	-	-	-	(8)	-	(8)
End of year	<u>1,690</u>	<u>607</u>	<u>227</u>	<u>3,124</u>	<u>15</u>	<u>5,663</u>
Net book value						
Beginning of year	<u>2,999</u>	<u>1,182</u>	<u>53</u>	<u>1,601</u>	<u>32</u>	<u>5,867</u>
End of year	<u>4,333</u>	<u>1,065</u>	<u>48</u>	<u>2,537</u>	<u>44</u>	<u>8,027</u>

- a) Included within Freehold Land and Buildings of the Group is an amount of IR£2,995,000 (1996 - IR£1,191,000) for freehold land which is not depreciated.

Included within Freehold Land and Buildings of the Company is an amount of IR£116,000 (1996 - IR£116,000) for freehold land which is not depreciated.

- b) The Company had IR£ Nil (1996 - IR£117,000) in capital commitments approved and contracted for at 31 March 1997.
- c) At 31 March 1997, the Company had assets with a cost of IR£2,358,172 (1996 - IR£1,715,022) included above which had been fully depreciated.

Notes to the financial statements (continued)

12. Financial fixed assets

Group	1997 IR£000	1996 IR£000
Unlisted shares in associated companies at cost (b)		
Beginning and end of year	<u>2,456</u>	<u>2,456</u>
 Company		
Investment in group undertakings:		
Beginning of year	14,699	14,571
Additions	<u>28</u>	<u>128</u>
End of year	<u>14,727</u>	<u>14,699</u>
Provision against investments in group undertakings:		
Beginning of year	(1,029)	(1,395)
Reduction in provisions during year	<u>224</u>	<u>366</u>
End of year	<u>(805)</u>	<u>(1,029)</u>
Net book value	<u>13,922</u>	<u>13,670</u>
 Amounts due from group undertakings	1,076	755
Provision against amounts due	<u>(952)</u>	<u>(755)</u>
Net book value	<u>124</u>	<u>-</u>
 Unlisted shares in associated undertakings at cost (b)		
Beginning and end of year	<u>2,462</u>	<u>2,462</u>
 Total financial fixed assets	<u>16,508</u>	<u>16,132</u>

In the opinion of the Directors, the value to the Group and the Company of the unlisted investments is not less than the carrying value.

Notes to the financial statements (continued)

12. Financial fixed assets (continued)

(a) At 31 March 1997, the Company had the following subsidiary undertakings as detailed below:

Name and Registered Address of Company	Percentage of Equity Held	Country of Incorporation
Laboratórios Stiefel Argentina Amenabar #1595 Cuarto Piso, Of. 35 & 36 1426 Buenos Aires	100%	Argentina
Stiefel Laboratories B.V. Rokin Corporate Services P.O. Box 75640 1070 AP Amsterdam	100%	Holland
Stiefel Laboratories Srl Via Calabria, 15 20090 Redecesio Di Segrate Milano	100%	Italy
Stiefel Laboratories Pte Limited 103 Gul Circle Jurong 629589	100%	Singapore
Laboratoires Stiefel sa 13D, Ambachtenlaan B 3001 Leuven	100%	Belgium
Laboratoires Stiefel S.A.R.L. Z.I. du Petit Nanterre 15, Rue des Grands Prés 92000 Nanterre	98%	France
Stiefel Philippines, Inc. Room 403, Floor Kalaw-Ledesma Condominium, 117 Gamboa Street Legaspi Village, Makati Metro Manila 1200	100%	The Philippines
Stiefel Laboratories Japan, Inc. #801 Ichiban-Cho Central Building 22-1 Ichiban-Cho Chiyoda-Ku Tokyo 102	100%	Japan

Notes to the financial statements (continued)

12. Financial fixed assets (continued)

Name and Registered Address of Company	Percentage of Equity Held	Country of Incorporation
Stiefel Laboratories (Korea) Limited Wonjin Building, 6th Floor 1626-2, Seocho-dong Seocho-Ku, Seoul	100%	Korea
Stiefel Laboratories (SA) (Pty) Limited 1 Rembrandt Plaza, cnr. Lister/Heine Roads Rembrandt Park 2090	100%	South Africa
Stiefel Laboratories Pty Limited Unit 14, 5 Salisbury Road Castle Hill NSW 2154	100%	Australia
Laboratórios Stiefel Ltda Av. Narain Singh, 400 Km 211 da Via Dutra Centro Industrial de Guarulhos - Bonsucesso CEP 07250-000 - Guarulhos - SP	83%	Brazil
Laboratórios Stiefel de Chile & Cia Ltda Eleodoro Flores #2371 Ñuñoa Santiago	100%	Chile
Stiefel Laboratories Taiwan Inc. 2 F-1, No. 335 Lung Chiang Road Taipei 10482	100%	Taiwan
Stiefel Laboratorium AG c/o Micucci Treuhand AG Postfach 690 Ch-8401 Winterthur	99%	Switzerland
Laboratórios Farmacéuticos Stiefel (Portugal), Ltda Rua Oliveira Martins, Lote 243 - LJ ESQ. Casal de S. Brás 2700 Amadora	100%	Portugal

Notes to the financial statements (continued)

12. Financial fixed assets (continued)

Name and Registered Address of Company	Percentage of Equity Held	Country of Incorporation
Laboratórios Stiefel Colombia S.A. Carrera 12 # 98 - 39 Int. 201 Apartado Aéreo 91492 Bogotá	100%	Colombia
Stiefel Laboratories Hellas S.A. P.O. Box 67247 GR 151-02 Melissia Athens	100%	Greece
Stiefel Maroc, S.A. Angle Bd. Abdelmoumen et Rue Soumaya Imm Renault, 6ème étage, No. 27 Casablanca	100%	Morocco
Stiefel Distributors (Ireland) Limited Finisklin Industrial Estate Sligo	100%	Ireland
Stiefel Laboratories (UK) Limited Holtspur Lane Wooburn Green High Wycombe Buckinghamshire HP10 0AU	63%	United Kingdom

Notes to the financial statements (continued)

12. Financial fixed assets (continued)

Name and Registered Address of Company	Percentage of Equity Held	Country of Incorporation
Laboratórios Stiefel (España) S.A. Soledad #47 San Martin De La Vega Madrid	56%	Spain
Laboratórios Stiefel De Venezuela S.A. Urbanización Industrial Guayabal Edificio Ind. Andrade Pools, 3er Piso Guarenas, Edo Miranda	100%	Venezuela
Stiefel Laboratories Pakistan (PVT) Limited 2 Gulberg Road Gulberg - V Lahore 54660	100%	Pakistan
Stiefel Polska Sp. z.o.o. ul. Bialostocka 24 m. 113 03-741 Warszawa	100%	Poland
Stiefel Laboratories Egypt Apt # 504 21 El Khaliefa El Mamoun Street Heliopolis Cairo	100%	Egypt

With the exception of Laboratórios Stiefel Ltda and Stiefel Laboratories (Pte) Limited, all the subsidiary undertakings are engaged in the marketing of pharmaceutical and medicinal preparations. Laboratórios Stiefel Ltda and Stiefel Laboratories (Pte) Limited are engaged in the manufacture, supply and marketing of pharmaceutical and medicinal preparations.

Notes to the financial statements (continued)

12. Financial fixed assets (continued)

- (b) The investment in associated companies consists of a 25% holding in the Ordinary share capital of Stiefel Laboratories (Thailand) Limited (250 Ordinary shares at 100 Baht each), a 16.7% investment in Stiefel Laboratorium GmbH (300 Ordinary shares of DM500 each), and a 30% investment in Stiefel Mexicana S.A. de C.V. (2,758,808 Ordinary shares of one Peso each). These companies market and sell products manufactured by the Company, Stiefel Laboratories (Pte) Limited and Stiefel Mexicana S.A. de C.V. These investments are not treated as associated companies under SSAP 1 because the Company is not in a position to exercise a significant influence over these companies. For the same reason, they are not treated as related or associated companies under the Companies (Amendment) Act 1986. As a result, these companies are not accounted for by the equity method of valuation.

The companies have a 31 March fiscal year end. The balance sheets of these companies at 31 March 1997 and their results for the year then ended are set out below. The figures have been extracted from unaudited accounts, as no audits were required for these entities.

Balance sheets at 31 March 1997:

	Stiefel Laboratorium GmbH Mühlheimer Strasse 231 D-63075 Offenbach/Main Germany IR£000	Stiefel Laboratories (Thailand) Ltd. 2488/2 Soi Udomsub Krungthep - Nont Road Bangsue, Bangkok 10800 IR£000	Stiefel Mexicana, S.A. de C.V. Eje Nte. Sur No. 11 Nuevo Parque Industrial 76808, San Juan Del Rio, Qro. IR£000
Fixed assets	1,473	410	1,210
Net current assets	695	1,483	1,269
Intercompany creditors less intercompany debtors	<u>(580)</u>	<u>(803)</u>	<u>(682)</u>
	<u>1,588</u>	<u>1,090</u>	<u>1,797</u>
Share capital	438	591	1,967
Other reserves	153	(28)	(1,734)
Retained earnings	<u>997</u>	<u>527</u>	<u>1,564</u>
	<u>1,588</u>	<u>1,090</u>	<u>1,797</u>

Extracts from the profit and loss accounts for the year ended 31 March 1997:

Retained earnings:

Balance at beginning of year	799	403	1,237
Profit for year	<u>198</u>	<u>124</u>	<u>327</u>
Balance at end of year	<u>997</u>	<u>527</u>	<u>1,564</u>

Notes to the financial statements (continued)

13. Stocks

	Group		Company	
	1997	1996	1997	1996
	IR£000	IR£000	IR£000	IR£000
Raw materials	4,506	4,562	1,754	1,289
Work-in-progress	470	618	169	296
Finished goods	<u>6,047</u>	<u>4,823</u>	<u>487</u>	<u>767</u>
	<u>11,023</u>	<u>10,003</u>	<u>2,410</u>	<u>2,352</u>

14. Debtors

	Group		Company	
	1997	1996	1997	1996
	IR£000	IR£000	IR£000	IR£000
Amounts falling due within one year:				
Trade debtors	16,734	15,633	901	1,535
Amounts owed by fellow group undertakings (a)	619	311	2,775	8,139
Amounts owed by associated companies (a)	1,089	1,494	701	1,177
Prepayments and accrued income	<u>4,813</u>	<u>4,713</u>	<u>755</u>	<u>1,570</u>
	<u>23,255</u>	<u>22,151</u>	<u>5,132</u>	<u>12,421</u>
Amounts falling due after more than one year:				
Loans to fellow group undertaking (b)	664	650	32	-
Loans to associated companies (c)	<u>1,079</u>	<u>195</u>	<u>928</u>	<u>195</u>
	<u>1,743</u>	<u>845</u>	<u>960</u>	<u>195</u>
	<u>24,998</u>	<u>22,996</u>	<u>6,092</u>	<u>12,616</u>

- (a) The amounts owed by fellow group undertakings and associated companies are unsecured, interest free and due for repayment within one year.
- (b) At 31 March 1997, the Group and Company had an unsecured IR£32,000 term loan payable which matures 13 March 2000 and accrues interest at 8%. In addition, the Group had two unsecured loans totalling IR£632,000, one (IR£580,000) which matures 26 September 1999 and accrues interest at 6% and the remainder being an indefinite loan with a 0% interest rate. At 31 March 1996, the Group had an unsecured loan which matures on 26 September 1999 and accrues interest at 6%.
- (c) At 31 March 1997, the Group and Company had two unsecured loans payable by associated undertakings totalling IR£929,000 which mature 19 March 2000 and 30 September 2001 and both accrue interest at 8%. In addition, the Group had an unsecured IR£150,000 loan which matures 24 May 1998 and accrued interest at 6%. At 31 March 1996, the Group and Company had an unsecured IR£195,000 term loan payable by an associated undertaking, maturing on 14 December 1999 and accruing interest at 8%. During fiscal 1997, this loan was increased to IR£418,000 and the maturity date was changed to 30 September 2001.

Notes to the financial statements (continued)

15. Creditors: Amounts falling due within one year

	Group		Company	
	1997 IR£000	1996 IR£000	1997 IR£000	1996 IR£000
Bank overdraft	551	-	-	-
Trade creditors	2,821	1,890	1,392	306
Amounts owed to fellow group undertakings (a)	657	313	41	2,413
Amounts owed to associated companies (a)	41	19	-	19
Corporation tax	1,829	2,138	268	423
Payroll taxes and social welfare	508	457	71	65
Accruals and deferred income	<u>4,041</u>	<u>3,466</u>	<u>306</u>	<u>387</u>
	<u>10,448</u>	<u>8,283</u>	<u>2,078</u>	<u>3,613</u>

(a) The amounts owed by fellow group undertakings and associated companies are unsecured, interest free and due for repayment within one year.

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

	Group		Company	
	1997 IR£000	1996 IR£000	1997 IR£000	1996 IR£000
Other creditors	<u>60</u>	<u>54</u>	<u>-</u>	<u>-</u>

17. Provisions for liabilities and charges

	Group		Company	
	1997 IR£000	1996 IR£000	1997 IR£000	1996 IR£000
Deferred taxation:				
Beginning of year	501	437	330	330
(Credit) charge for year	<u>(44)</u>	<u>64</u>	<u>-</u>	<u>-</u>
End of year	<u>457</u>	<u>501</u>	<u>330</u>	<u>330</u>

Notes to the financial statements (continued)

18. Government grants

Group and Company	1997 IR£000	1996 IR£000
Received		
Beginning and end of year	<u>826</u>	<u>826</u>
Amortisation		
Beginning of year	395	379
Amortised to profit and loss account	<u>16</u>	<u>16</u>
End of year	<u>411</u>	<u>395</u>
Net book value		
Beginning of year	<u>431</u>	<u>447</u>
End of year	<u>415</u>	<u>431</u>

19. Minority interests

Minority interests arise from the following minority shareholdings: 37% in Stiefel Laboratories (UK) Limited, 17% in Laboratórios Stiefel Ltda, 2% in Laboratoires Stiefel S.A.R.L., 1% Stiefel Laboratorium AG and 44% in Laboratórios Stiefel (España) S.A.

The movement in minority interests during the year was as follows:

	1997 IR£000	1996 IR£000
Beginning of year	4,735	3,488
Retained profit for the year	1,516	1,224
Revaluation of net assets of subsidiary undertakings	<u>95</u>	<u>23</u>
End of year	<u>6,346</u>	<u>4,735</u>

Notes to the financial statements (continued)

20. Called-up share capital

	1997 IR£	1996 IR£
<i>Authorised:</i>		
250,000 Ordinary shares of IR£1 each	250,000	250,000
100 "A" Redeemable Preference shares of IR£1 each	100	100
100 "B" Redeemable Preference shares of IR£1 each	100	100
100 "C" Redeemable Preference shares of IR£1 each	100	100
100 "D" Redeemable Preference shares of IR£1 each	100	100
100 "E" Redeemable Preference shares of IR£1 each	100	100
100 "F" Redeemable Preference shares of IR£1 each	100	100
100 "G" Redeemable Preference shares of IR£1 each	100	100
100 "H" Redeemable Preference shares of IR£1 each	100	100
100 "I" Redeemable Preference shares of IR£1 each	100	100
100 "J" Redeemable Preference shares of IR£1 each	<u>100</u>	<u>100</u>
	<u>251,000</u>	<u>251,000</u>
<i>Allotted, called-up and fully paid:</i>		
120,000 Ordinary shares of IR£1 each	120,000	120,000
100 "A" Redeemable Preference shares of IR£1 each	-	100
100 "B" Redeemable Preference shares of IR£1 each	-	100
100 "C" Redeemable Preference shares of IR£1 each	<u>-</u>	<u>100</u>
	<u>120,000</u>	<u>120,300</u>

During the year ended 31 March 1997, all of the outstanding preference shares were redeemed.

21. Reserves other than the profit and loss account

	Share Premium Account IR£	Other Reserves IR£ (a)	Translation Reserve IR£
Group			
Beginning of year	101,000	350,000	96,000
Movement during year	<u>-</u>	<u>300</u>	<u>(1,083,000)</u>
End of year	<u>101,000</u>	<u>350,300</u>	<u>(987,000)</u>
Company			
Beginning of year	101,000	350,000	
Movement during year	<u>-</u>	<u>300</u>	
End of year	<u>101,000</u>	<u>350,300</u>	

Notes to the financial statements (continued)

21. Reserves other than the profit and loss account (continued)

- (a) In accordance with the terms of its capital grant agreements with the Irish Industrial Development Authority, the Company is required to maintain equity equivalent to the amount of certain of the grants received. In prior years, the Company reserved IR£350,000 which the Directors designated as non-distributable.

During the year ended 31 March 1997, all of the Company's preference shares were redeemed. Accordingly, a capital redemption reserve of IR£300 was established.

22. Reconciliation of movements in shareholders' funds

	1997 IR£	1996 IR£
Opening shareholders' funds, as previously stated	59,719	49,681
Prior year adjustment	<u>239</u>	<u>158</u>
Opening shareholders' funds as restated	<u>59,958</u>	<u>49,839</u>
Profit for the financial year	10,961	10,439
Dividends paid	(2,567)	(862)
Premium on redemption of preference shares	<u>(9)</u>	<u>-</u>
Retained profit for the year	8,385	9,577
Movement in the translation reserve	<u>(1,083)</u>	<u>542</u>
Net addition to shareholders' funds	<u>7,302</u>	<u>10,119</u>
Closing shareholders' funds	<u>67,260</u>	<u>59,958</u>

Notes to the financial statements (continued)

23. Cash flow information

a) Reconciliation of operating profit to operating cash flows

	1997 IR£000	1996 IR£000
Operating profit	13,832	14,863
Prior-year adjustment	367	(124)
Depreciation and amortization charges	1,897	1,548
Increase in stocks	(1,208)	(1,148)
Increase in debtors	(2,581)	(3,851)
Increase in creditors	2,113	709
Amortization of government grant	(16)	(16)
Profit on sale of tangible fixed assets	(167)	(80)
Loss on sale of tangible fixed assets	<u>54</u>	<u>4</u>
Net cash inflow from operating activities	<u>14,291</u>	<u>11,905</u>

b) Analysis of cash flows for headings netted in cash flow statement

	1997 IR£000	1996 IR£000
Returns on investments and servicing of finance		
Interest received	2,347	2,958
Interest paid	(25)	(17)
Preference dividend paid	<u>(4)</u>	<u>(11)</u>
Net cash inflow from returns on investments and servicing of finance	<u>2,318</u>	<u>2,930</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(8,544)	(3,532)
Sale of plant and machinery	<u>495</u>	<u>386</u>
Net cash outflow from capital expenditure and financial investment	<u>(8,049)</u>	<u>(3,146)</u>
Management of liquid resources		
Purchase of government securities	<u>(5,616)</u>	<u>(1,092)</u>
	=====	=====

(Continued)

Notes to the financial statements (continued)

23. Cash flow information (continued)

(c) Analysis of Net Funds

	At Beginning of Year	Cash Flow	Exchange Movement	At End Of Year
	IR£000	IR£000	IR£000	IR£000
At 31 March 1997				
Cash in hand, at bank	5,818	(3,159)	72	2,731
Overdraft	-	(553)	11	(542)
		(3,712)		
Debt due after a year	(54)	6	(12)	(60)
Debt due within a year	-	-	-	-
		6		
Investments	<u>18,173</u>	<u>5,616</u>	<u>(421)</u>	<u>23,368</u>
TOTAL	<u>23,937</u>	<u>1,910</u>	<u>(350)</u>	<u>25,497</u>
At 31 March 1996				
Cash in hand, at bank	3,273	2,791	(246)	5,818
Overdraft	(433)	539	(106)	-
		3,330		
Debt due after a year	(61)	14	(7)	(54)
Debt due within a year	-	-	-	-
		14		
Investments	<u>17,188</u>	<u>1,092</u>	<u>(107)</u>	<u>18,173</u>
TOTAL	<u>19,967</u>	<u>4,436</u>	<u>(466)</u>	<u>23,937</u>

Included in the accompanying group balance sheet is approximately IR£6,600,000 (1996 - IR£3,400,000) in shareholders' funds that are not distributable as dividends to the Group under various regulations of foreign governments.

Notes to the financial statements (continued)

24. Guarantees and other financial commitments

a) Operating leases

Leasing commitments payable during the next 12 months under operating leases and prior year's comparative amounts are indicated below.

Group	Land and Buildings IR£000	Other IR£000	Total IR£000
1997			
Payable on leases in which the commitment expires:			
Within one year	80	120	200
From two to five years	298	141	439
After five years	<u>786</u>	<u>-</u>	<u>786</u>
	<u>1,164</u>	<u>261</u>	<u>1,425</u>

1996			
Payable on leases in which the commitment expires:			
Within one year	79	90	169
From two to five years	69	350	419
After five years	<u>933</u>	<u>12</u>	<u>945</u>
	<u>1,081</u>	<u>452</u>	<u>1,533</u>

Company

1997			
Payable on leases in which the commitment expires:			
Within one year	-	-	-
From two to five years	-	9	9
After five years	<u>426</u>	<u>-</u>	<u>426</u>
	<u>426</u>	<u>9</u>	<u>435</u>

1996			
Payable on leases in which the commitment expires:			
Within one year	-	17	17
From two to five years	-	1	1
After five years	<u>427</u>	<u>4</u>	<u>431</u>
	<u>427</u>	<u>22</u>	<u>449</u>

Notes to the financial statements (continued)

24. Guarantees and other financial commitments (continued)

b) Contingent liabilities

Grants of IR£348,000 (1996 - IR£348,000) received under the Company's capital grant agreements with the Irish Industrial Development Authority are repayable in certain circumstances, principally the disposal of the related assets before expiry of the agreements. These agreements expire at various dates between 1992 and 1998. The agreements also require that the Company maintain a certain level of equity equivalent or a non-distributable reserve (Note 21).

c) Pension obligations

The Group's two principal pension schemes are operated by the Company and by Stiefel Laboratories (UK) Limited. The Company operates a defined benefit pension scheme which is contributory and open to all Company employees. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives. The fund is valued every three years by a professionally qualified independent actuary on both a discontinuance and going concern basis. The rates of contribution are determined by the actuary. The latest actuarial valuation under the projected unit method which was carried out at 1 April 1996 did not show any deficiency on a discontinuance basis. At that date, the scheme held assets with a market value of IR£2,116,000 and was 100% funded. The principal actuarial assumption adopted in the valuation was that the return on investments would be 2% higher than the annual increase in pensionable salaries. The valuation is not available for public inspection. The charge to the profit and loss account for the year amounted to IR£324,000 (1996 - IR£262,000).

Stiefel Laboratories (UK) Limited also operates a defined benefit pension scheme. Pension costs are assessed in accordance with the advice of a professionally qualified independent actuary. The most recent formal actuarial valuation under the attained age method, which was carried out at 1 July 1995, did not show a deficiency on a discontinuance basis. At that date, the scheme held assets with a market value of IR£2,954,091 and was 100% funded. The principal actuarial assumption adopted in the valuation was that the return on investments would be 2% higher than the annual increase in pensionable salaries. The valuation is not available for public inspection. The pension cost for the year was IR£242,000 (1996 - IR£225,000).

25. Principal activities, ultimate holding company and related party transactions.

The principal activities of the Company are the manufacture and sale of pharmaceutical and medicinal preparations. The Company's ultimate holding company is Stiefel Laboratories, Inc., Coral Gables, Florida, incorporated in the USA. The results of the Company are consolidated in the group accounts prepared by Stiefel Laboratories, Inc. The ultimate holding company has guaranteed the obligation, if any, of its UK subsidiary relative to an ongoing tax investigation. It is not practicable at this stage to estimate amounts, if any, payable.

A significant proportion of sales and purchase transactions occurred with wholly owned subsidiaries of the Company's ultimate parent in the years ended 31 March 1997 and 1996.

26. Comparative amounts

Certain of the 1996 comparative amounts have been restated to facilitate comparison with the current year amounts.