Registered no: 0603028

Johnson & Johnson Consumer Services EAME Limited

Annual Report

for the period ended 28 December 2008

Johnson & Johnson Consumer Services EAME Limited

Annual report
for the period ended 28 December 2008

Directors and advisors

Directors

Mrs V J Dawkins
Mr C R Thorne

Secretary and registered office

Mr C R Thorne
Foundation Park
Roxborough Way
Maidenhead
Berkshire SL6 3UG

Independent auditors

PricewaterhouseCoopers LLP
9 Greyfriars Road
Reading
Berkshire RG1 1JG

Solicitors

Linklaters LLP
One Silk Street
London EC2Y 8HQ

Bankers

Royal Bank of Scotland Plc
Corporate Banking Office
P O Box 450
5-10 Great Tower Street
London EC3P 3HX

Directors' report for the period ended 28 December 2008

The directors present their report and the audited financial statements of the company for the period ended 28 December 2008.

Business review and principal activities

The principal activity of the company is to act as a service provider to other Johnson & Johnson group companies.

The results for the company show a pre-tax profit of €7,697,000 (2007: €3,203,000) for the period and sales of €126,568,000 (2007: €154,178,000).

Results and dividends

The profit and loss account for the period is set out on page 7.

An interim dividend of €138,510 (2007: €nil) per ordinary share amounting to €13,851,000 (2007:€nil) was paid on 14 November 2008. The aggregate dividends on the ordinary shares recognised during the period amounts to €13,851,000 (2007: €nil). There are no proposed dividends awaiting approval at the balance sheet date.

Future outlook

Both the level of business and the period end financial position remain satisfactory. The directors expect that the present level of activity will be sustained for the foreseeable future.

Key performance indicators ("KPIs")

The directors of Johnson & Johnson Consumer EAME Limited manage the company's operations on a divisional basis. The business is managed using a set of financial and non-financial performance measures. These measures are reviewed regularly and used in making tactical and strategic decisions affecting the short and long-term results of the business.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk and interest rate risk.

Liquidity risk

The company is funded within the Johnson & Johnson group of companies. It's funding requirements are reviewed regularly by both the board of directors and the Treasury department of Johnson & Johnson to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets earn interest at a variable rate.

Foreign exchange risk

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. The company has no forward contracts to disclose. All exchange differences are included in the profit and loss account.

Directors' report for the period ended 28 December 2008 (continued)

Directors and secretary

The directors of the company at 28 December 2008, both of whom have been directors for the whole of the period ended on that date, unless otherwise indicated, are listed below:

Mr C R Thorne (Company Secretary)
Mrs V J Dawkins

Qualifying third party indemnity provisions

At the time the report was approved there were no qualifying third party indemnity provisions in place for the benefit of one or more of the directors.

Research and development

Johnson & Johnson is heavily committed to research and development activities in order to bring new or improved products on to the personal healthcare market so as to maintain its position within the market. It is the company's policy to write off all such expenditure as incurred. All expenditure incurred within Johnson & Johnson Consumer Services EAME Limited is for Regulatory Affairs. Hence, amounts written off to the profit and loss account in the period amount to €8,367,000 (2007: €8,736,000).

Employee involvement

The company is committed to the continued development of employee involvement by an effective communications and consultative framework. Consultative committees covering broad business areas, pensions, health and safety, quality and employee services are well established and meet regularly. Briefing meetings for all staff are held regularly.

The current emphasis is on facilitating cross-functional relationships to increase awareness and to build effective teamwork. The company's policies and practices are regularly reviewed and feedback is received from all staff levels.

Disabled persons

The company adopts the policy of giving full and fair consideration to the employment and training of disabled persons, having regard to their particular aptitudes and disabilities.

Policy and practice on payment of creditors

The company's policy in respect of its' suppliers is to settle the terms of payment with those suppliers when agreeing the terms of each transaction.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

Directors' report for the period ended 28 December 2008 (continued)

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors and disclosure of information to auditors

So far as each director is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware. Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the board

Mrs V J Dawkins
Director

Independent auditors' report to the members of Johnson & Johnson Consumer Services EAME Limited

We have audited the financial statements of Johnson & Johnson Consumer Services EAME Limited for the period ended 28 December 2008, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of Johnson & Johnson Consumer Services EAME Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 December 2008 and of its profit for the period then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading

14 August 2009

Profit and loss account for the period ended 28 December 2008

Continuing operations	Notes	2008 €'000	2007 €'000
Turnover	2	**126,568**	154,178
Operating expenses		**(114,614)**	(146,360)
Operating profit	4	**11,954**	7,818
Interest payable and similar charges	3	**(4,257)**	(4,615)
Profit on ordinary activities before taxation		**7,697**	3,203
Tax on profit on ordinary activities	7	**(2,069)**	(708)
Profit for the financial period	17	**5,628**	2,495

The company's results are derived entirely from continuing operations.

There is no difference between the profit on ordinary activities before taxation and the profit for the periods stated above, and their historical cost equivalents.

Statement of total recognised gains and losses for period ended 28 December 2008

	Notes	2008 €'000	2007 €'000
Profit for the financial period		**5,628**	2,495
Actuarial gain on pension scheme	14	-	21
Movement on deferred tax relating to pension liability	13	-	(6)
Total recognised gains relating to the period		**5,628**	2,510

Balance sheet as at 28 December 2008

	Notes	2008 €'000	2007 €'000
Fixed assets			
Tangible assets	9	**73,906**	61,056
Current assets			
Debtors	10	**46,354**	64,976
		46,354	64,976
Creditors: Amounts falling due within one year	11	**(97,926)**	(95,242)
Net current liabilities		**(51,572)**	(30,266)
Total assets less current liabilities		**22,334**	30,790
Provisions for liabilities and charges	12	**(4,092)**	(3,221)
Net assets		**18,242**	27,569
Capital and reserves			
Called-up share capital	15	**-**	-
Other reserves	17	**8,053**	9,157
Profit and loss account	17	**10,189**	18,412
Equity shareholders' funds	18	**18,242**	27,569

The financial statements on pages 7 to 22 were approved by the board of directors on 13 August 2009 and were signed on its behalf by:

Mrs V J Dawkins
Director

Notes to the financial statements for the period ended 28 December 2008

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied throughout the period, are set out below:

Functional Currency

The directors consider Euros to be the functional currency of the company and have therefore selected Euros as the presentational currency for the financial statements.

Share-based payment

The ultimate parent company, Johnson & Johnson, operates equity-settled, share-based compensation plans. Certain employees of the company are awarded options over the shares in the ultimate parent. The fair value of the employee services received in exchange for these grants of options is recognised as an expense, with a corresponding increase in Other Reserves (representing a capital contribution by the ultimate parent). The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to Other Reserves.

In accordance with FRS 20, fair value calculations have only been made in respect of share options awarded after 7 November 2002 that remain unvested at 1 January 2006. For all other options awarded prior to 7 November 2002, the company recognises within Other Reserves the potential recharge from the ultimate parent company for the cost of options outstanding at the period end (based upon the difference between the option exercise prices and the market value at the period end). It has been agreed that the company will no longer be recharged on the exercise of options granted before 1 January 2000. Movements in the underlying potential recharge are reflected in the profit and loss account for the period.

Upon exercise, Johnson & Johnson makes a recharge to the company in respect of share options granted to the company's employees. When incurred, these intercompany charges are offset in Other Reserves against the relevant capital contribution. If the amount of the intercompany charge exceeds the original capital contribution, that excess is treated as a distribution from the company to its parent.

Notes to the financial statements for the period ended 28 December 2008 (continued)

Employer's National Insurance on share options

Under unapproved share option schemes, the company is required to pay National Insurance on the difference between the exercise price and market value at the exercise date of the shares issued. The company becomes unconditionally liable to pay the National Insurance upon exercise of the options. The company therefore calculates the provision by applying the latest enacted National Insurance rate to the difference between the market value of the underlying options at the balance sheet date and the option exercise prices. A full provision is made upon grant of the option as there is no underlying performance period. The amount of the National Insurance actually payable will depend on the number of employees who remain with the company and exercise their options, the market price of the ultimate parent company's shares at the time of exercise and the prevailing National Insurance rates at the time.

Cash-based payment

In addition, the Company's employees may be eligible to receive Certificates of Extra Compensation (CEC's).

CEC's may be granted by the Company if it wishes to reward an employee for faithful service in the past and to encourage employees in their future work by permitting them to share in the growth and success of the Company's enterprises by issuing to them Units of Agreements of Additional Remuneration ("AAR Units") and to that end receive as extra compensation sums based upon and measured by (a) the amount of cash dividends from time to time declared upon an equal number of shares of common stock of the Company and (b) by the formula value of AAR Units as established in the AAR agreement, at the time of termination of employment or death while in such employment.

Research and development

Research and development expenditure is written off as it is incurred.

Tangible fixed assets

The cost of new tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over the expected useful economic lives of the assets concerned from the time those assets are placed in use.

The expected useful economic lives are as follows:

Fixtures, fittings and equipment	3 years
Computer equipment	5 years

Operating Leases

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Foreign currencies

Trading transactions denominated in foreign currencies are translated into Euros at the exchange rate ruling when the company entered into the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Euros at the exchange rate ruling at the balance sheet date. Exchange gains or losses are included in operating profit.

Notes to the financial statements for the period ended 28 December 2008 (continued)

Deferred taxation

Provision is made for deferred tax liabilities; and assets only to the extent that the directors consider it more likely than not that there will be suitable profits from which the future reversal of the timing differences can be deducted, in accordance with FRS 19.

Deferred tax is measured at the average tax rates that are expected to apply in the periods to which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pension arrangements

The company participates in the Johnson & Johnson UK Group Retirement Plan. The UK Group operates a funded defined benefit pension scheme and defined contribution scheme for all UK employees. New entrants aged 35 or over are eligible to join the funded defined benefit scheme, and new entrants aged under 35 are eligible to join the defined contribution scheme.

More than one employer participates in the Johnson & Johnson UK Group Retirement Plan and because the assets attributable to each individual company cannot be identified on a consistent and reasonable basis, each company's share of the deficit cannot be identified. Under FRS 17, the company is therefore accounting for its contributions to the scheme as if it were a defined contribution scheme. Accordingly the cost to the company in respect of the scheme is equal to the contributions payable to the scheme during the period, and this cost has been recognised within operating profit in the profit and loss account.

Cash flow statement

The company is a wholly owned subsidiary of Johnson & Johnson, and the cash flows of the company are included in the consolidated group cash flow statement of Johnson & Johnson. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard No 8 not to disclose related party transactions with companies of which 90% or more of the voting rights are controlled within the group. The remaining disclosures required under FRS 8 are given in note 19 to the financial statements.

2 Turnover

Turnover represents income received in respect of amounts charged to fellow group companies for services provided and expenses incurred by the company and is generated wholly in the United Kingdom and is wholly intercompany.

Notes to the financial statements for the period ended 28 December 2008 (continued)

3 Interest payable and similar charges

	2008 €'000	2007 €'000
Pension interest expense	-	11
On amounts due to group undertakings	4,257	4,604
	4,257	4,615

4 Operating profit

	2008 €'000	2007 €'000
Operating profit before taxation is stated after charging/(crediting):		
Staff costs (note 6)	39,050	31,876
Depreciation charge for the period:		
Tangible owned fixed assets (note 9)	10,575	6,328
Research and development expenditure	8,367	8,736
Foreign exchange gain	(31,198)	(6,664)
Operating lease charges:		
Plant & machinery	562	490
Other	753	881

Services provided by the company's auditor and network firms

During the period the company obtained the following services from the company's auditor at costs as detailed below:

Payable to PricewaterhouseCoopers LLP and network firms:	2008 €'000	2007 €'000
Audit services: fees payable for the audit of the company	40	58
Non-audit services:		
Services relating to taxation	29	86
All other services	1	2
	30	88
Total services	70	146

5 Directors' emoluments

All directors' emoluments are paid through Johnson & Johnson Limited and are disclosed in the financial statements of that company, other than Mr C R Thorne who did not receive any emoluments for his services to the company.

Notes to the financial statements for the period ended 28 December 2008 (continued)

6 Employee information

The monthly average number of persons (including executive directors) employed during the period was:

	2008 Number	2007 Number
By activity		
Production and distribution	**22**	21
Selling and marketing	**95**	68
Administration	**184**	132
	301	221

The average number of employees includes graduate trainees, part time employees and those on maternity leave.

The total costs associated with these employees were recharged to an affiliate.

	2008 €'000	2007 €'000
Staff costs (for the above persons)		
Wages and salaries	**26,189**	22,460
Social security costs	**2,994**	2,461
Share based payment - Fair value of employee services (note 16)	**1,027**	1,940
Share based payment – movement in potential recharge to ultimate parent in respect of options not being fair valued	**898**	975
Other pension costs (note 14)	**7,942**	4,040
	39,050	31,876

7 Tax on profit on ordinary activities

	2008 €'000	2007 €'000
Current tax		
UK corporation tax on profits for the period	**637**	(1,084)
Total current tax	**637**	(1,084)
Deferred tax:		
Origination and reversal of timing differences	**1,432**	1,792
Deferred tax – prior period adjustment	**-**	-
Total deferred tax charge (see note 13)	**1,432**	1,792
Tax on profit on ordinary activities	**2,069**	708

Notes to the financial statements for the period ended 28 December 2008 (continued)

7 Tax on profit on ordinary activities (continued)

The tax assessed for the period is lower (2007: lower) than the standard rate of corporation tax in the UK (28.5%). The differences are explained below.

	2008	2007
	€'000	€'000
Profit on ordinary activities before tax	**7,697**	3,203
Profit on ordinary activities multiplied by standard rate in the UK 28.5% (2007: 30%)	**2,193**	961
Effects of:		
Expenses not deductible for tax purposes	**87**	86
Accelerated capital allowances and other timing differences	**(1,457)**	(1,973)
Deduction for stock option exercises	**(186)**	(158)
Current tax credit for the period	**637**	(1,084)

8 Dividends

	2008	2007
Equity – ordinary	**€'000**	€'000
Interim paid: €138,510 (2007: £nil) per ordinary £1 share	**13,851**	-

Notes to the financial statements for the period ended 28 December 2008 (continued)

9 Tangible fixed assets

	Fixtures, fittings and equipment €'000	Capital assets under construction €'000	Total €'000
Cost			
At 1 January 2008	46,958	27,151	74,109
Additions	-	23,425	23,425
Transfers	25,856	(25,856)	-
At 28 December 2008	**72,814**	**24,720**	**97,534**
Accumulated depreciation			
At 1 January 2008	13,053	-	13,053
Charge for period	10,575	-	10,575
At 28 December 2008	**23,628**	**-**	**23,628**
Net book amount			
At 28 December 2008	**49,186**	**24,720**	**73,906**
Net book amount			
At 1 January 2008	33,905	27,151	61,056

10 Debtors

	2008 €'000	2007 €'000
Amounts falling due within one year		
Amounts owed by group undertakings	**38,448**	49,327
Prepayments and accrued income	**7,666**	14,126
Corporation tax recoverable	**240**	1,523
	46,354	64,976

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

Notes to the financial statements for the period ended 28 December 2008 (continued)

11 Creditors: Amounts falling due within one year

	2008	2007
	€'000	€'000
Bank overdraft	**2,074**	2,848
Trade creditors	**3,324**	9,008
Amounts owed to group undertakings	**68,187**	57,085
Accruals and deferred income	**24,341**	26,301
	97,926	95,242

Amounts owed to group undertakings are unsecured, interest bearing and have no fixed repayment date.

12 Provisions for liabilities and charges

	Deferred Tax	**Share Options**	**Total**
	€'000	**€'000**	**€'000**
At 1 January 2008	2,459	762	3,221
Charged to the profit and loss account	1,432	(460)	972
Utilised during the year	-	(101)	(101)
At 28 December 2008	**3,891**	**201**	**4,092**

The provision represents Employer's National Insurance on unexercised share options (see note 16).

Notes to the financial statements for the period ended 28 December 2008 (continued)

13 Deferred tax

Deferred tax asset/(liability) recognised and unrecognised are as follows:

	Amount recognised / (amount provided)		Unrecognised asset / (liability)	
	2008	2007	**2008**	2007
	€'000	€'000	**€'000**	€'000
Accelerated capital allowances	**(6,287)**	(5,360)	-	-
Short term timing differences	**2,396**	2,901	-	-
Deferred tax asset excluding that relating to the pension liability	**(3,891)**	(2,459)	-	-
Total deferred tax liability	**(3,891)**	(2,459)	-	-

	2008	2007
	€'000	€'000
At 1 January 2008	**(2,459)**	(661)
Profit and loss account movement	**(1,432)**	(1,792)
Statement of total recognised gains and losses movement	-	(6)
At 28 December 2008	**(3,891)**	(2,459)

The deferred tax liability has been recognised as the directors of the company consider that it is more likely than not that the liability will crystallise in the future.

14 Pension arrangements

J&J Consumer Services Eame Limited participates in two pension arrangements in conjunction with other companies in the Johnson & Johnson Group. These are a funded, defined benefit plan called the "Johnson & Johnson UK Group Retirement Plan", and a funded hybrid benefit Plan called "Johnson & Johnson UK Group Retirement Plan 16" which commenced as a scheme in its own right on 1 April 2008, having previously been a subsection of the scheme above.

It also participates in a life assurance arrangement called the "Johnson & Johnson UK Approved Life Assurance Plan".

Johnson & Johnson UK Group Retirement Plan and Plan 16

The FRS17 disclosure requirements refer to the situation where either there is only one employer participating in a defined benefit scheme, or there is more than one employer and each employer's share of the underlying assets and liabilities can be identified. In J&J's funded defined benefit scheme the assets attributable to each individual company cannot be identified on a reasonable and consistent basis, and so each company's share of the surplus/deficit cannot be identified. In this circumstance, the Accounting Standards Board allows the actual contributions paid by the Company to be used as a substitute for 'defined benefit' FRS17 costs.

Notes to the financial statements for the period ended 28 December 2008 (continued)

14 Pension arrangements (continued)

Contributions paid to the Johnson & Johnson UK Group Retirement Plan by the Company in the period 1 January 2008 to 31 December 2008 amounted to €7,941,712 (£6,283,000). Of this amount, €3,545,520 (£2,805,000) was in respect of Plan 35 regular contributions and €98,592 (£78,000) was in respect of Plan 16 regular contributions paid before the demerger of the funded Plan. This total also included a special one-off deficit reduction lump sum payment of €4,297,600 (£3,400,000).

Contributions paid by the Company to Plan 16, post-demerger, amounted to €224,992 (£178,000).

For comparison, during 2007 the Company paid contributions of €4,040,331 (£2,949,000) into the combined Plan.

The Company is also required to disclose the overall funding position of the UK Group Retirement Plan (both Plan 35 and Plan 16). For this purpose, the April 2005 actuarial valuation has been updated to 31 December 2008 by a qualified, independent actuary. The principal assumptions used to calculate the FRS17 liabilities were as follows: discount rate of 6.75% per annum, salary increases (including promotion) of 4 % per annum; inflation of 3% per annum; guaranteed annual increases to pensions in payment (in line with inflation up to 5%) of 2.75% per annum; guaranteed annual increases to pensions in payment (in line with inflation up to 2.5%) of 2.25% per annum.

In addition to the financial assumptions above, it is assumed that all members commute the maximum permissible amount of their pension for cash, in line with current commutation terms, and retire between the ages of 60 and 65 with a life expectancy of 25 years from age 63.

Taking the liabilities calculated on the above basis and the assets (of both Plan 35 and Plan 16) at market value gives an aggregate pension scheme deficit at 31 December 2008, over the funded pension schemes for the whole UK J&J Group, of €96,644,422 (£91,693,000).

Where a deficit exists the method of removing that deficit is determined by agreement of the Participating Employers and the Trustee. It should be noted that the basis used to calculate deficits amount for these funding purposes does not correspond to the basis set out by FRS17.

The Johnson & Johnson UK Group Retirement Plan does not have any self investments.

Life Assurance

J&J Consumer Services Eame Limited participate in an approved life assurance plan. The premiums paid to these arrangements during 2008 were:

Johnson & Johnson UK Approved Life Assurance Plan: €51,824 (£41,000)

15 Called up share capital

	2008	2007
	€'000	€'000
Authorised		
50,000 ordinary shares of £1 each	**75**	75
Allotted and fully paid		
100 ordinary shares of £1 each	-	-

Notes to the financial statements for the period ended 28 December 2008 (continued)

16 Share Options

Share options

At 31 December 2008 the Company's employees were members of 8 stock-based compensation plans operated by the ultimate parent company. The shares outstanding are for contracts under Johnson & Johnson's 2000 and 2005 UK Approved Stock Option Plans, the 2005 UK Unapproved Stock Option plan, the 2000 and 2005 Non-Qualified Option Plans, the 2000 ISO Stock Option plan, the 2000 UK Stock plan and the 2000 Merck JV plan. All of these arrangements are settled in equity.

A reconciliation of option movements over the year to 31 December 2008 is shown below:

	2008		2007	
	Number ('000)	**Weighted average exercise price**	Number ('000)	Weighted average exercise price
Outstanding at start of year	**831**	**$60.09**	711	$58.56
Granted	**159**	**$61.75**	154	$65.62
Forfeited/Cancelled	**(63)**	**$62.21**	(35)	$65.69
Exercised	**(60)**	**$58.95**	(59)	$53.27
Transferred	**30**	**-**	60	-
Outstanding at end of year	**897**	**$60.64**	831	$60.09
Exercisable at end of year	**387**		230	

The weighted average fair value of options granted in the year was $1,217,321 (2007: $1,794,463).

For options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life are as follows:

2008				2007			
Weighted average exercise price	**Number of shares ('000)**	**Weighted average remaining life:**		Weighted average exercise price	Number of shares ('000)	Weighted average remaining life:	
		Expected	**Contractual**			Expected	Contractual
$52.20	**93**	**4.1 yrs**	**4.1 yrs**	$52.20	99	5.1 yrs	5.1 yrs
$53.93	**117**	**5.1 yrs**	**5.1 yrs**	$53.93	130	6.1 yrs	6.1 yrs
$58.34	**192**	**7.1 yrs**	**7.1 yrs**	$58.34	210	8.1 yrs	8.1 yrs
$61.75	**145**	**9.1 yrs**	**9.1 yrs**	$65.62	187	9.1 yrs	9.1 yrs
$65.62	**172**	**8.1 yrs**	**8.1 yrs**	$66.18	205	7.1yrs	7.1 yrs
$66.18	**178**	**6.1 yrs**	**6.1 yr s**				

All options are granted at the current market price on a specific grant date during each calendar year. There is therefore no weighted average exercise price as the shares granted each year are all granted at the same price, given in the table above.

The total charge for the year relating to employee share based payment plans was €1,026,674

Notes to the financial statements for the period ended 28 December 2008 (continued)

16 Share Options (continued)

(2007: €1,940,134), all of which related to equity-settled share based payment transactions. After deferred tax at 28% (2007: 28%), the total charge was €739,205 (2007: €1,396,896).

Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. The fair value per option granted and the assumptions used in the calculation are as follows:

	2008	2007
Share price at grant date and exercise price	**$61.75**	$65.62
Number of employees	**112**	95
Shares granted in the year	**159,023**	153,675
Vesting period (years)	**3 years**	3 years
Expected volatility	**15.0%**	14.7%
Option life (years)	**10 years**	10 years
Expected life (years)	**6 years**	6 years
Risk free rate	**2.97%**	4.78%
Expected dividend yield	**2.90%**	2.50%
Fair value per option	**$7.66**	$11.68

Starting in 2006, expected volatility represents a blended rate of 4-year daily historical average volatility rate, and a 5-week average implied volatility rate based on at-the-money traded Johnson & Johnson options with a life of 2 years. Prior to 2006, expected volatility was based on a 5-year weekly historical volatility rate. Historical data is used to determine the expected life of the option. The risk free rate was based on the US Treasury yield curve in effect at the time of grant.

Restricted Stock Units

The Company also grants Restricted Stock Units (RSU's). These were first granted in 2006 and have a vesting period of 3 years. The average fair value of these units granted during the year was $56.61, using the fair market value at the date of grant. The fair value of restricted stock units was discounted for dividends, which are not paid on the restricted stock units during the vesting period.

Restricted Stock Units	**Number of shares ('000)**
Shares at 1 January 2008	51
Stock granted	75
Stock forfeited	(7)
Stock transferred	2
Shares at 31 December 2008	**121**

Certificates of Extra Compensation

In addition, the Company's employees may be eligible to receive Certificates of Extra Compensation (CEC's).

Notes to the financial statements for the period ended 28 December 2008 (continued)

16 Share Options (continued)

CEC's may be granted by the Company if it wishes to reward an employee for faithful service in the past and to encourage employees in their future work by permitting them to share in the growth and success of the Company's enterprises by issuing to them Units of Agreements of Additional Remuneration ("AAR Units") and to that end receive as extra compensation sums based upon and measured by (a) the amount of cash dividends from time to time declared upon an equal number of shares of common stock of the Company and (b) by the formula value of AAR Units as established in the AAR agreement, at the time of termination of employment or death while in such employment.

National Insurance

Share options granted subsequent to 5 April 1999 under unapproved schemes are subject to employers' and employees' national insurance on the gain made on exercise of such options by UK employees.

An accrual of €181,909 (2007: €723,473) for employers' national insurance has been made at the balance sheet date based on the year-end share price of $58.56. It has been assumed that 100% of shares held by employees at the balance sheet date will be exercised.

In addition an accrual of €18,879 (2007: €38,219) has been made for the employers' national insurance on restricted stock units.

17 Reserves

	Other reserve	Profit and loss account
	€'000	€'000
At 1 January 2008	9,157	18,412
Profit for the financial period	-	5,628
Dividends (note 8)	-	(13,851)
Share based payments – services provided	1,925	-
Share based payments – recharge to ultimate parent	(727)	-
Share based payments – exchange gain on revaluation	(2,302)	-
At 28 December 2008	**8,053**	**10,189**

Notes to the financial statements for the period ended 28 December 2008 (continued)

18 Reconciliation of movements in shareholders' funds

	2008 €'000	2007 €'000
Profit for the financial period	**5,628**	2,495
Dividend (note 8)	**(13,851)**	-
	(8,223)	2,495
Actuarial gain on pension scheme	-	21
Movement on deferred tax relating to pension scheme	-	(6)
Share based payments – services provided	**1,925**	2,915
Share based payments – recharge to ultimate parent	**(727)**	(695)
Share based payments – exchange gain on revaluation	**(2,302)**	(773)
Net (reduction)/addition to shareholders' funds	**(9,327)**	3,957
Opening shareholders' funds	**27,569**	23,612
Closing shareholders' funds	**18,242**	27,569

19 Financial commitments

At 28 December 2008 the company had annual commitments under non-cancellable operating leases for equipment as follows:

Expiring:	2008 €'000	2007 €'000
Within one year	**327**	469
Within two to five years	**286**	474
	613	943

20 Ultimate and immediate parent companies and controlling party

The immediate parent company is Johnson & Johnson Management Limited, a company incorporated in England, who own 100% of Johnson & Johnson Consumer Services EAME Limited.

The directors regard Johnson & Johnson, a company incorporated in the United States of America, as the ultimate holding company and controlling party. This is the smallest and largest group of which the company is a member and for which group financial statements are prepared. Copies of the consolidated financial statements of the ultimate parent company may be obtained from Johnson & Johnson, One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933, USA.