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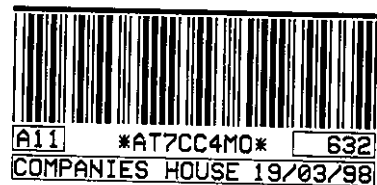
Company Registration No.1480123



**ASTRA TECH LIMITED**

**Report and Financial Statements**

**31 December 1997**



**Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR**



**REPORT AND FINANCIAL STATEMENTS 1997**

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**REPORT AND FINANCIAL STATEMENTS 1997**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

G Wennerstroem (Chairman)  
R J Seaden

**SECRETARY**

P Trotman (appointed 20 June 1997)  
S J Harwood (resigned 20 June 1997)

**REGISTERED OFFICE**

Stroudwater Business Park  
Brunel Way  
Stonehouse  
Gloucestershire GL10 3SW

**BANKERS**

National Westminster Bank PLC  
George Street  
Stroud  
Gloucestershire GL5 3DT

**SOLICITORS**

Reynolds Porter Chamberlain  
Chichester House  
278/282 High Holborn  
London WC1V 7HA

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR

## **DIRECTORS' REPORT**

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

### **PRINCIPAL ACTIVITY**

The principal activity of the company during the year was the sale and distribution of hospital disposable surgical and dental products.

### **REVIEW OF BUSINESS AND FUTURE PROSPECTS**

The year provided a significant increase in sales of existing products whilst overhead costs were contained where possible. It is anticipated that the business will expand further in 1998.

### **RESULTS AND DIVIDENDS**

The trading profit for the year after taxation was £1,096,400 (1996 - £958,841). An interim dividend of £8 per share (1996 - £10 per share) has been paid. The directors do not recommend the payment of a final dividend.

### **DIRECTORS**

The following directors have held office during 1997:

G Wennerstroem  
R J Seaden

### **DIRECTORS' INTERESTS IN SHARES**

Neither of the directors has any beneficial interests in the shares of the company.

The directors' interests, if any, in the shares of the ultimate parent company are not required to be disclosed as the company is a wholly owned subsidiary of a company incorporated outside Great Britain.

### **EMPLOYEES**

The company actively encourages the involvement of employees and a stated policy of the company is to provide all members of staff with an individual training programme. The methods of involvement include regular staff meetings and a company journal. The company operates a profit sharing scheme.

The employment policy does not discriminate between employees or potential employees on the grounds of sex, colour, race, ethnic or national origin, marital status or religious beliefs. In the case of the disabled, the company gives full consideration to applications for employment from disabled persons who can demonstrate that they have the necessary abilities. If an employee becomes disabled whilst in employment and, as a result, was unable to perform his/her normal duties, every effort would be made to offer suitable alternative employment and assist with retraining.

### **RESEARCH AND DEVELOPMENT**

No research and development activity was undertaken during the year.



## **DIRECTORS' REPORT**

### **AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board on 10th March 1998.

P Trotman

Secretary

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company 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;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 to 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.



## Chartered Accountants

Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR

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## AUDITORS' REPORT TO THE MEMBERS OF ASTRA TECH LIMITED

We have audited the financial statements on pages 6 to 14 which have been prepared under the accounting policies set out on page 8.

### Respective responsibilities of directors and auditors

As described on page 4 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 as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

DELOITTE & TOUCHE

Chartered Accountants and  
Registered Auditors

10 March 1998

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 1997**

	Note	1997 £	1996 £
<b>TURNOVER</b>	2	9,794,247	8,577,615
Cost of sales		<u>(6,108,023)</u>	<u>(5,173,327)</u>
Gross profit		3,686,224	3,404,288
Other operating expenses	3	<u>(2,159,056)</u>	<u>(1,962,996)</u>
<b>OPERATING PROFIT</b>		1,527,168	1,441,292
Interest receivable and similar income	4	<u>39,925</u>	<u>83,570</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	1,567,093	1,524,862
Taxation	7	<u>(470,693)</u>	<u>(566,021)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		1,096,400	958,841
Dividends paid	8	<u>(800,000)</u>	<u>(1,000,000)</u>
<b>RETAINED PROFIT/(LOSS) FOR THE YEAR</b>	15	<u>296,400</u>	<u>(41,159)</u>

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

The results of the company relate exclusively to continuing operations.





**BALANCE SHEET**  
**31 December 1997**

	Note	1997 £	1996 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	9	121,131	132,989
<b>CURRENT ASSETS</b>			
Stocks	10	324,007	362,207
Debtors	11	2,480,983	1,732,060
Cash at bank and in hand		494,638	957,747
		<u>3,299,628</u>	<u>3,052,014</u>
<b>CREDITORS: amounts falling due within one year</b>	12	(1,625,027)	(1,662,571)
<b>NET CURRENT ASSETS</b>		<u>1,674,601</u>	<u>1,389,443</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,795,732	1,522,432
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	-	(23,100)
		<u>1,795,732</u>	<u>1,499,332</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	100,000	100,000
Profit and loss account	15	1,695,732	1,399,332
<b>EQUITY SHAREHOLDERS' FUNDS</b>	16	<u>1,795,732</u>	<u>1,499,332</u>

These financial statements were approved by the Board of Directors on 10th March 1998.

Signed on behalf of the Board of Directors

R J Seaden

Director

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1997**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Tangible fixed assets**

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Short leasehold improvements	over the term of the lease
Plant and machinery	over 10 years
Computer equipment	over 3 to 5 years
Office fixtures and fittings	over 5 to 10 years

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal.

**Deferred taxation**

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

**Leased assets and obligations**

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the period of the lease.

**Pension contributions**

The cost of providing pensions for employees under the terms of the Astra 1995 Pension Scheme are charged to the profit and loss account as contributions, recommended by qualified actuaries, become payable in accordance with the rules of the scheme.

**Foreign currency**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Exchange gains and losses, arising on both settled and unsettled foreign currency transactions, are included in the results on ordinary activities before taxation.

**Cash flow statement**

The company has taken advantage of the exemption permitted by FRS 1 (revised) not to produce a cash flow statement as the cash flows of the company are included in the ultimate parent company's consolidated financial statements which are publicly available.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1997**

**2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The company's turnover and profit before taxation were all derived from its principal activity. Sales were made in the following geographical markets:

	1997 £	1996 £
United Kingdom	9,749,483	8,527,770
Europe	44,307	42,481
Other	457	7,364
	<u>9,794,247</u>	<u>8,577,615</u>

**3. OTHER OPERATING EXPENSES**

	1997 £	1996 £
Selling and promotion	1,377,027	1,216,185
Distribution costs	203,926	191,939
Administrative expenses	578,103	554,872
	<u>2,159,056</u>	<u>1,962,996</u>

**4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	1997 £	1996 £
Bank and other interest receivable	39,925	44,090
Interest receivable from group companies	-	39,480
	<u>39,925</u>	<u>83,570</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1997**
**5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	1997 £	1996 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets - owned assets	56,918	55,253
(Profit)/loss on disposal of tangible fixed assets	(186)	187
Operating lease rentals:		
Land and buildings	54,000	54,000
Other	158,007	137,090
Auditors' remuneration and expenses:		
Audit	4,003	9,000
Other services	900	1,142
	<u>56,918</u>	<u>55,253</u>

**6. EMPLOYEES**

	1997 No.	1996 No.
The average monthly number of persons (including directors) employed by the company during the year was:		
Sales and distribution	26	23
Administration	8	8
	<u>34</u>	<u>31</u>
Staff costs for the above persons:	£	£
Wages and salaries	787,101	686,086
Social security costs	65,857	61,611
Other pension costs	91,377	80,042
	<u>944,335</u>	<u>827,739</u>
<b>Directors' remuneration</b>		
Total emoluments (including pension contributions of £10,389 (1996 - £10,164))	<u>104,758</u>	<u>102,781</u>


**NOTES TO THE ACCOUNTS**
**Year ended 31 December 1997**
**7. TAXATION**

	1997 £	1996 £
UK Corporation tax at 31% (1996 - 33%)	510,081	533,583
(Over)/under provision in prior years	(16,288)	11,438
Deferred taxation	(23,100)	21,000
	<u>470,693</u>	<u>566,021</u>

**8. DIVIDENDS PAID**

	1997 £	1996 £
Ordinary:		
Interim paid - £8 per share (1996 - £10 per share)	<u>800,000</u>	<u>1,000,000</u>

**9. TANGIBLE FIXED ASSETS**

	Short leasehold improvements £	Plant and machinery £	Computer equipment £	Office fixtures and fittings £	Total £
<b>Cost</b>					
At 1 January 1997	21,979	20,221	143,410	127,730	313,340
Additions	-	2,184	37,555	5,620	45,359
Disposals	-	-	(33,780)	(485)	(34,265)
At 31 December 1997	<u>21,979</u>	<u>22,405</u>	<u>147,185</u>	<u>132,865</u>	<u>324,434</u>
<b>Depreciation</b>					
At 1 January 1997	4,426	8,033	104,386	63,506	180,351
Charged in the year	1,170	2,240	38,640	14,868	56,918
Disposals	-	-	(33,780)	(186)	(33,966)
At 31 December 1997	<u>5,596</u>	<u>10,273</u>	<u>109,246</u>	<u>78,188</u>	<u>203,303</u>
<b>Net book value:</b>					
At 31 December 1997	<u>16,383</u>	<u>12,132</u>	<u>37,939</u>	<u>54,677</u>	<u>121,131</u>
At 31 December 1996	<u>17,553</u>	<u>12,188</u>	<u>39,024</u>	<u>64,224</u>	<u>132,989</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1997**

**10. STOCKS**

	1997 £	1996 £
Finished goods and goods for resale	324,007	362,207

**11. DEBTORS**

	1997 £	1996 £
Due within one year:		
Trade debtors	2,215,815	1,614,223
Amounts due from fellow subsidiary undertakings	-	2,417
Advance corporation tax	200,000	52,000
Other debtors	4,290	-
Prepayments and accrued income	60,878	63,420
	2,480,983	1,732,060

Included within other debtors is £4,000 (1996 - £nil) due from R Seaden, managing director. This loan is interest free and is expected to be recovered in full within one year. The maximum amount due from R Seaden during the year was £5,000.

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1997 £	1996 £
Trade creditors	20,430	4,066
Amounts due to fellow subsidiary undertakings	599,764	814,457
Group relief payable	510,081	-
Corporation tax	-	210,583
Other taxation and social security costs	461,101	578,482
Accruals and deferred income	33,651	54,983
	1,625,027	1,662,571

**13. PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred taxation provided in the financial statements and the unprovided potential liability are:

	Amount provided		Unprovided liability	
	1997 £	1996 £	1997 £	1996 £
Excess of tax allowances over depreciation	-	-	-	-
Other short timing differences	-	23,100	-	-
	-	23,100	-	-

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1997**

**14. CALLED UP SHARE CAPITAL**

	1997 £	1996 £
Authorised: 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid: 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

**15. PROFIT AND LOSS ACCOUNT**

	1997 £	1996 £
At 1 January	1,399,332	1,440,491
Retained profit/(loss) for the year	<u>296,400</u>	<u>(41,159)</u>
At 31 December	<u>1,695,732</u>	<u>1,399,332</u>

**16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	1997 £	1996 £
Profit for the financial year	1,096,400	958,841
Dividends	<u>(800,000)</u>	<u>(1,000,000)</u>
Net addition to/(reduction in) shareholders' funds	296,400	(41,159)
Opening shareholders' funds	<u>1,499,332</u>	<u>1,540,491</u>
Closing shareholders' funds	<u>1,795,732</u>	<u>1,499,332</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1997**

**17. COMMITMENTS UNDER OPERATING LEASES**

	1997 £	1996 £
At 31 December 1997 the company had annual commitments under non-cancellable operating leases as follows:		
Land and buildings:		
Expiring after 5 years	54,000	54,000
Other:		
Expiring within 1 year	23,972	35,281
Expiring between 2 and 5 years	117,564	87,368
	<u>141,536</u>	<u>122,649</u>

**18. PENSION COMMITMENTS**

On 1 January 1996 all existing employees were transferred to a new pension scheme known as the Astra 1995 Pension Scheme, a defined benefit pension scheme whose assets are held in independent trustee administered funds. Contributions to the scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation of the Astra 1995 Pension Scheme was carried out as at 1 January 1996.

The principal actuarial assumptions used were a rate of return on investments of 8.5% per annum, salary increases of 7% per annum, an allowance for pensions to increase at 4.5% per annum or 4% per annum, depending on the benefits, and for dividends to increase at the rate of 4.25% per annum.

At the valuation date the actuarial value of the assets on this basis was sufficient to cover 100.6% of the benefits that had accrued to members in the scheme. The market value of the scheme's assets was £54.2 million.

The pension expense for the pension scheme amounted to £91,377 (1996 - £80,042).

**19. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No 8, Related Party Transactions, not to disclose transactions with Astra Aktiebolaget group companies or interests of the group who are related parties.

**20. ULTIMATE PARENT UNDERTAKING**

The ultimate parent company is Astra Aktiebolaget, a company incorporated in Sweden. Group accounts for Astra Aktiebolaget may be obtained from the following address:

Astra Pharmaceuticals Limited  
 Government and Public Affairs Department  
 Home Park  
 Kings Langley  
 Hertfordshire  
 WD4 8DH