

Astra Tech Limited

**Directors' report and financial
statements**

Registered number 1480123

31 December 2002



Contents

Directors' report	1
Statement of directors' responsibilities	4
Report of the independent auditors to the members of Astra Tech Limited	5
Profit and loss account	6
Balance sheet	7
Reconciliation of movements in shareholders' funds	8
Notes	9

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Principal activities

The principal activity of the company during the year was the sale and distribution of medical devices to hospitals, the community and the dental profession.

Business review

The trading profit for the year after taxation was £1,515,453 (2001: £1,336,018).

Research and development

No research and development activity was undertaken during the year.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

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

G Wennerstroem (resigned 19 March 2003)

RJ Seaden

P Selley (appointed 19 March 2003)

Neither of the directors has any beneficial interests in shares of the company. The directors' interests in the shares of the ultimate parent company, AstraZeneca PLC are as disclosed below:

	AstraZeneca PLC		
	Interest at start of year or appointment date	Net shares acquired/ (disposed)	Interest at end of year or resignation date
G Wennerstroem	585	-	585
RJ Seaden	355	(18)	337

Directors' report *(continued)*

Directors and directors' interest *(continued)*

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year except as indicated below:

**Number of options over
AstraZeneca PLC shares**

	At start of year	Granted	Exercised	At end of year	Exercise Price	Date from which exercisable	Expiry date
G Wennerstroem	9,805	-	-	9,805	2714p	16/03/03	15/03/10
	5,373	-	-	5,373	3244p	29/03/04	28/03/11
	-	5,192	-	5,192	3487p	28/03/05	27/03/12
	<u>15,178</u>	<u>5,192</u>	<u>-</u>	<u>20,370</u>			

In addition to the above the following G Wennerstroem held options under the Astra Shareholder Incentive Plan which were converted into options over AstraZeneca shares on completion of the merger based on an exchange ratio of 0.5045 AstraZeneca options for each Astra option held. None of these options were exercised during 2002 and no further options have been or will be granted under this scheme.

	At start of year	Granted	Exercised	At end of year	Exercise Price SEK	Date from which exercisable	Expiry date
G Wennerstroem	2,198	-	-	2,198	316.13	07/05/97	09/01/04
	1,615	-	-	1,615	410.53	25/05/98	14/01/05
	2,456	-	-	2,456	441.78	16/06/99	23/01/06
	<u>6,269</u>	<u>-</u>	<u>-</u>	<u>6,269</u>			

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 participates in the AstraZeneca bonus 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.

Directors' report *(continued)*

Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £11,600 (2001: £14,600).

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company was proposed and accepted at the Annual General Meeting.

By order of the board



Patricia Trotman
Secretary

24 OCTOBER 2003

Brunel Way
Stonehouse
Gloucestershire
GL10 3SX

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 and of the profit or loss 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, 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.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

PO Box 695
8 Salisbury Square
London EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of Astra Tech Limited

We have audited the financial statements on pages 6 to 15.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

24 OCTOBER 2003

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Profit and loss account
for the year ended 31 December 2002

	<i>Note</i>	2002 £	2001 £
Turnover	2	18,181,535	16,691,620
Cost of sales		(12,041,143)	(10,910,294)
		<hr/>	<hr/>
Gross profit		6,140,392	5,781,326
Other operating expenses	3	(4,173,306)	(4,072,881)
		<hr/>	<hr/>
Operating profit		1,967,086	1,708,445
Interest receivable and similar income	7	228,348	233,341
Interest payable and similar charges	8	-	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	2,195,434	1,941,786
Tax on profit on ordinary activities	9	(679,981)	(605,768)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,515,453	1,336,018
Dividends on equity and non-equity shares	10	-	-
		<hr/>	<hr/>
Retained profit for the year		1,515,453	1,336,018
		<hr/> <hr/>	<hr/> <hr/>

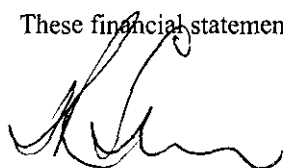
No separate statement of total recognised gains and losses has been presented as all such gains or losses have been dealt with in the profit and loss account.

The results of the company relate exclusively to continuing operations.

Balance sheet
at 31 December 2002

	<i>Note</i>	2002		2001	
		£	£	£	£
Fixed assets					
Tangible assets	11	427,950		564,637	
Current assets					
Stocks	12	1,478,495		680,101	
Debtors	13	9,226,811		8,709,952	
Cash at bank and in hand		37,809		613	
		<u>10,743,115</u>		<u>9,390,666</u>	
Creditors: amounts falling due within one year	14	<u>(3,687,336)</u>		<u>(3,987,027)</u>	
Net current assets		<u>7,055,779</u>		<u>5,403,639</u>	
Net assets		<u>7,483,729</u>		<u>5,968,276</u>	
Capital and reserves					
Called up share capital	15	100,000		100,000	
Profit and loss account	16	7,383,729		5,868,276	
Equity shareholders' funds		<u>7,483,729</u>		<u>5,968,276</u>	

These financial statements were approved by the board of directors on 24/10/03 and were signed on its behalf by:



RJ Seaden
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2002

	2002 £	2001 £
Profit for the financial year	1,515,453	1,336,018
Dividends	-	-
	<hr/>	<hr/>
Net addition to shareholders' funds	1,515,453	1,336,018
Opening shareholders' funds	5,968,276	4,632,258
	<hr/>	<hr/>
Closing shareholders' funds	7,483,729	5,968,276
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of AstraZeneca PLC, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of AstraZeneca PLC, within which this company is included, can be obtained from the address given in note 19.

New accounting standards

UK Financial Reporting Standard 19 (FRS 19) – "Deferred Tax" is applicable for accounting periods ending on or after 23 January 2002. This does not have a material effect on either current year or prior year balances, and as a consequence has not been restated.

Intangible fixed assets and amortisation

Intangible fixed assets are stated at historical cost. Amortisation is provided on licences over three years.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short leasehold improvements	-	life of lease
Plant and machinery	-	3 to 10 years
Computer equipment	-	3 to 5 years
Office fixtures and fittings	-	5 to 10 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes (continued)

1 Accounting policies (continued)

Stocks

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

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date and which could give rise to an obligation to pay more or less tax in the future.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

2 Analysis of turnover

	Turnover 2002 £	2001 £
<i>By geographical market</i>		
United Kingdom	18,018,406	16,567,469
Europe	156,164	111,411
Other	6,965	12,740
	<hr/> 18,181,535	<hr/> 16,691,620
	<hr/>	<hr/>

The company's turnover and profit before taxation were all derived from its principal activity.

3 Other operating expenses

	2002 £	2001 £
Selling and promotion	2,760,554	2,631,521
Distribution costs	648,506	543,241
Administrative expenses	764,246	898,119
	<hr/> 4,173,306	<hr/> 4,072,881
	<hr/>	<hr/>

Notes (continued)

4 Profit on ordinary activities before taxation

	2002 £	2001 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	-	-
Other services	-	-
Depreciation and other amounts written off tangible and intangible fixed assets:		
Owned	111,758	114,402
Hire of plant and machinery - rentals payable under operating leases	107,090	206,171
Hire of other assets - operating leases	261,045	83,138
	<u> </u>	<u> </u>

Auditors' remuneration is borne by AstraZeneca UK Limited, a fellow group company.

5 Remuneration of directors

	2002 £	2001 £
Directors' emoluments (including pension contributions of £19,724 (2001: £17,271))	179,052	157,693
	<u> </u>	<u> </u>

	Number of directors 2002	2001
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	1	1
	<u> </u>	<u> </u>

Notes (continued)

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2002	2001
Sales and distribution	47	43
Administration	11	9
	<hr/>	<hr/>
	58	52
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2002	2001
	£	£
Wages and salaries	1,810,195	1,573,120
Social security costs	189,430	164,235
Other pension costs	269,490	200,496
	<hr/>	<hr/>
	2,269,115	1,937,851
	<hr/>	<hr/>

7 Interest receivable and similar income

	2002	2001
	£	£
Bank and other interest receivable	228,348	233,341
	<hr/>	<hr/>

8 Interest payable and similar charges

	2002	2001
	£	£
Interest payable and similar charges	-	-
	<hr/>	<hr/>

Notes (continued)

9 Taxation

	2002 £	2001 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2,195,434	1,941,786
	<hr/>	<hr/>
Current tax credit at 30% (2001: 30%)	658,630	582,536
<i>Effects of:</i>		
Expenses not deductible for tax purposes	26,885	29,917
Capital allowances for the period in excess of depreciation	(5,534)	(6,685)
	<hr/>	<hr/>
Tax on profit on ordinary activities	679,981	605,768
	<hr/>	<hr/>

10 Dividends and other appropriations

	2002 £	2001 £
Equity shares:		
Interim dividend paid	-	-
	<hr/>	<hr/>

The aggregate amount of proposed dividends is £Nil (2001: £Nil).

11 Tangible fixed assets

	Short leasehold improvements £	Plant and machinery £	Computer equipment £	Office fixtures and fittings £	Total £
<i>Cost</i>					
At beginning of year	127,016	289,886	286,767	275,641	979,310
Additions	-	2,936	36,949	76,727	116,612
Disposals	-	(203,079)	(75,013)	(10,594)	(288,686)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	127,016	89,743	248,703	341,774	807,236
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At beginning of year	15,915	93,385	185,889	119,484	414,673
Charge for year	8,288	14,753	51,233	37,484	111,758
Disposals	-	(62,657)	(74,321)	(10,167)	(147,145)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	24,203	45,481	162,801	146,801	379,286
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 2002	102,813	44,262	85,902	194,973	427,950
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2001	111,101	196,501	100,878	156,157	564,637
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

12 Stocks

	2002 £	2001 £
Finished goods and goods for resale	1,478,495	680,101

13 Debtors

	2002 £	2001 £
Trade debtors	3,096,290	3,067,079
Amounts owed by group undertakings	6,006,886	5,492,642
Other debtors	-	-
Prepayments and accrued income	123,635	150,231
	<u>9,226,811</u>	<u>8,709,952</u>

Included within debtors are deposits held in sub-accounts that are part of a group pooling system. In consequence, to the extent that other group companies have withdrawn amounts from the group pooling system, such amounts represent a receivable from the group.

14 Creditors: amounts falling due within one year

	2002 £	2001 £
Trade creditors	42,946	145,713
Amounts owed to group undertakings	1,128,844	1,291,517
Taxation and social security	2,308,421	2,159,868
Accruals and deferred income	207,125	389,929
	<u>3,687,336</u>	<u>3,987,027</u>

15 Called up share capital

	2002 £	2001 £
<i>Authorised</i>		
Equity: Ordinary shares of £1 each	100,000	100,000
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	100,000	100,000

Notes (continued)

16 Reserves

	Profit and loss account £
At beginning of year	5,868,276
Retained profit for the year	1,515,453
	<hr/>
At end of year	7,383,729
	<hr/>

17 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2002		2001	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	33,483	-	101,069
Over five years	301,250	-	295,250	33,483
	<hr/>	<hr/>	<hr/>	<hr/>
	301,250	33,483	295,250	134,552
	<hr/>	<hr/>	<hr/>	<hr/>

18 Pension scheme

Astra Tech Ltd participates in various AstraZeneca Group Pension Schemes. The actuarial valuations of these schemes are given in the consolidated AstraZeneca PLC group accounts.

The pension expense for the pension schemes amounted to £269,490 (2001: £200,496).

19 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of AstraZeneca PLC, incorporated in the UK.

The largest group in which the results of the company are consolidated is that headed by AstraZeneca PLC, incorporated in the UK. The consolidated accounts of this group are available to the public and may be obtained from AstraZeneca PLC, 15 Stanhope Gate, London, W1K 1LN. No other group accounts include the results of the company.