

ASTRA TECH LIMITED

Report and Financial Statements

31 December 1999

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



REPORT AND FINANCIAL STATEMENTS 1999

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8

REPORT AND FINANCIAL STATEMENTS 1999

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Wennerstroem (Chairman)
R J Seaden

SECRETARY

P Trotman

REGISTERED OFFICE

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 1999.

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 2000.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £1,210,604 (1998 - £1,152,873). An interim dividend of £8 per share has been paid in the year (1998 - £nil). The directors do not recommend the payment of a final dividend (1998 - £nil).

YEAR 2000

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business; however, the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not expected to be significant.

DIRECTORS

The following directors held office throughout 1999:

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 in the shares of the ultimate parent company are as disclosed below.

Interests in fully paid shares:

	1 January 1999	Movements in the year		31 December 1999
		Sold	Bought	
G Wennerstroem	585	-	-	585
R J Seaden	321	(135)	104	290

The balance as at 1 January 1999 is the equivalent number of AstraZeneca PLC shares held at that date, although the shares actually held were in Astra Aktiebolaget (the ultimate parent company up until 5 April 1999). Following the merger of Astra Aktiebolaget and Zeneca Group PLC on 5 April 1999, all shares held in Astra Aktiebolaget were converted into shares in AstraZeneca PLC.

DIRECTORS' REPORT

Interests in options over shares:

	1 January 1999	Granted in the period	Exercised in the period	Lapsed in the period	31 December 1999	Ref
G Wennerstroem	1,525	-	-	-	1,525	{a}
	2,198	-	-	-	2,198	{b}
	1,615	-	-	-	1,615	{c}
	-	2,456	-	-	2,456	{d}
	5,338	2,456	-	-	7,794	

Option Reference	Exercise price SEK	Exercisable between
{a}	298.28	11 June 1996 to 31 January 2003
{b}	316.13	7 May 1997 to 9 January 2004
{c}	410.53	25 May 1998 to 14 January 2005
{d}	441.78	16 June 1999 to 23 January 2006

The option exercise price is denominated in Swedish Kroner. At 31 December 1999 the exchange rate between Sterling and the Swedish Kroner was £1 : SEK 13.7688.

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.

AUDITORS

The Board will recommend to shareholders that KPMG Audit Plc be appointed auditors for the company's 2000 financial statements.

Approved by the Board of Directors
and signed on behalf of the Board on 21 June 2000.



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.

AUDITORS' REPORT TO THE MEMBERS OF ASTRA TECH LIMITED

We have audited the financial statements on pages 6 to 15 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, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 1999 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

21 June 2000

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1999

	Note	1999 £	1998 £
TURNOVER	2	13,118,882	11,348,532
Cost of sales		(8,365,550)	(7,201,409)
Gross profit		4,753,332	4,147,123
Other operating expenses	3	(2,978,465)	(2,465,894)
OPERATING PROFIT		1,774,867	1,681,229
Interest receivable and similar income	4	73,698	87,388
Interest payable and similar charges	5	(1,052)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	1,847,513	1,768,617
Tax on profit on ordinary activities	8	(636,909)	(615,744)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,210,604	1,152,873
Dividends paid	9	(800,000)	-
RETAINED PROFIT FOR THE YEAR	16	410,604	1,152,873

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.

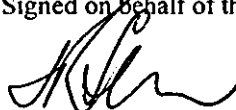
The results of the company relate exclusively to continuing operations.

BALANCE SHEET
31 December 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Intangible fixed assets	10	160,000	320,000
Tangible fixed assets	11	157,859	180,363
		<u>317,859</u>	<u>500,363</u>
CURRENT ASSETS			
Stocks	12	989,597	843,183
Debtors	13	3,453,294	2,766,492
Cash at bank and in hand		1,310,318	1,132,806
		<u>5,753,209</u>	<u>4,742,481</u>
CREDITORS: amounts falling due within one year	14	(2,711,859)	(2,294,239)
NET CURRENT ASSETS		<u>3,041,350</u>	<u>2,448,242</u>
		<u>3,359,209</u>	<u>2,948,605</u>
CAPITAL AND RESERVES			
Called up share capital	15	100,000	100,000
Profit and loss account	16	3,259,209	2,848,605
EQUITY SHAREHOLDERS' FUNDS	17	<u>3,359,209</u>	<u>2,948,605</u>

These financial statements were approved by the Board of Directors on 21 June 2000.

Signed on behalf of the Board of Directors



R J Seaden

Director

NOTES TO THE ACCOUNTS
Year ended 31 December 1999**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.

Intangible fixed assets

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

Tangible fixed assets

Tangible 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

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future without replacement, calculated at the rates at which it is expected that tax will arise.

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 costs 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. Monetary assets and liabilities denominated 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 1999

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:

	1999 £	1998 £
United Kingdom	13,018,233	11,269,240
Europe	85,146	68,968
Other	15,503	10,324
	<u>13,118,882</u>	<u>11,348,532</u>

3. OTHER OPERATING EXPENSES

	1999 £	1998 £
Selling and promotion	1,804,012	1,424,909
Distribution costs	523,751	431,499
Administrative expenses	650,702	609,486
	<u>2,978,465</u>	<u>2,465,894</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	1999 £	1998 £
Bank and other interest receivable	<u>73,698</u>	<u>87,388</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
Interest charged on late payment of employer's National Insurance contributions	<u>1,052</u>	<u>-</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999 £	1998 £
Operating profit is stated after charging:		
Amortisation of intangible fixed assets	160,000	160,000
Depreciation and amounts written off tangible fixed assets - owned assets	56,925	58,404
Loss on disposal of tangible fixed assets	4,029	642
Operating lease rentals:		
Plant and machinery	181,423	152,062
Other	57,950	54,000
Auditors' remuneration and expenses:		
Audit	6,200	6,000
Other services	1,509	351
	<u> </u>	<u> </u>

7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1999 No.	1998 No.
The average monthly number of persons (including directors) employed by the company during the year was:		
Sales and distribution	32	29
Administration	9	9
	<u>41</u>	<u>38</u>
Staff costs for the above persons:	£	£
Wages and salaries	1,027,035	876,337
Social security costs	106,200	79,191
Other pension costs	88,222	81,627
	<u>1,221,457</u>	<u>1,037,155</u>
Directors' remuneration	£	£
Total emoluments including pension contributions of £10,428 (1998 - £10,206)	<u>113,928</u>	<u>113,759</u>

One director accrued benefits during the year under a defined benefit pension scheme (1998 - 1).

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
UK Corporation tax at 30.25% (1998 - 31%)	644,486	616,920
Over provision in prior years	(7,577)	(1,176)
	<u>636,909</u>	<u>615,744</u>

The tax charge is higher than expected due to the disallowance of certain expenses for tax purposes.

9. DIVIDENDS PAID

	1999 £	1998 £
Ordinary equity:		
Interim paid - £8 per share (1998 - £nil)	<u>800,000</u>	<u>-</u>

10. INTANGIBLE FIXED ASSETS

	Licences £
Cost	
At 1 January 1999 and 31 December 1999	<u>480,000</u>
Amortisation	
At 1 January 1999	160,000
Charged in the year	<u>160,000</u>
At 31 December 1999	<u>320,000</u>
Net book value	
At 31 December 1999	<u>160,000</u>
At 31 December 1998	<u>320,000</u>

NOTES TO THE ACCOUNTS Year ended 31 December 1999

11. TANGIBLE FIXED ASSETS

	Short leasehold improvements £	Plant and machinery £	Computer equipment £	Office fixtures and fittings £	Total £
Cost					
At 1 January 1999	45,756	71,539	173,068	133,144	423,507
Additions	-	1,495	34,309	2,646	38,450
Disposals	(4,959)	-	(40,128)	-	(45,087)
At 31 December 1999	40,797	73,034	167,249	135,790	416,870
Depreciation					
At 1 January 1999	8,465	15,352	139,881	79,446	243,144
Charged in the year	2,559	7,703	34,186	12,477	56,925
Disposals	(930)	-	(40,128)	-	(41,058)
At 31 December 1999	10,094	23,055	133,939	91,923	259,011
Net book value					
At 31 December 1999	30,703	49,979	33,310	43,867	157,859
At 31 December 1998	37,291	56,187	33,187	53,698	180,363

12. STOCKS

	1999 £	1998 £
Finished goods and goods for resale	989,597	843,183

13. DEBTORS

	1999 £	1998 £
Due within one year:		
Trade debtors	2,800,251	2,491,600
Amounts due from fellow subsidiary undertakings	544,932	-
Other debtors	18	733
Prepayments and accrued income	108,093	74,159
Due after more than one year:		
Advance corporation tax	-	200,000
	3,453,294	2,766,492

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Trade creditors	36,854	55,175
Amounts owed to fellow subsidiary undertakings	977,668	1,021,529
Group relief payable	-	616,920
Corporation tax payable	981,841	-
Other taxation and social security costs	650,051	565,777
Accruals and deferred income	65,445	34,838
	<u>2,711,859</u>	<u>2,294,239</u>

15. CALLED UP SHARE CAPITAL

	1999 £	1998 £
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>

16. PROFIT AND LOSS ACCOUNT

	1999 £	1998 £
At 1 January	2,848,605	1,695,732
Retained profit for the year	<u>410,604</u>	<u>1,152,873</u>
At 31 December	<u>3,259,209</u>	<u>2,848,605</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 1999

17. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit for the financial year	1,210,604	1,152,873
Dividends	(800,000)	-
Net addition to equity shareholders' funds	410,604	1,152,873
Opening equity shareholders' funds	2,948,605	1,795,732
Closing equity shareholders' funds	3,359,209	2,948,605

18. COMMITMENTS UNDER OPERATING LEASES

	1999 £	1998 £
At 31 December 1999 the company had annual commitments under non-cancellable operating leases as follows:		
Land and buildings:		
Expiring within one year	47,400	-
Expiring after five years	54,000	54,000
	101,400	54,000
Other:		
Expiring within one year	82,100	54,214
Expiring between two and five years	114,291	76,447
	196,391	130,661

19. PENSION COMMITMENTS

As from 1 January 1996 the company operated one defined benefit pension scheme (the Astra 1995 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 1997.

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 108.9% of the benefits that had accrued to members in the Scheme. The actuarially assessed value of the Scheme's assets was £63.6m.

The pension expense for the pension scheme amounted to £88,222 (1998 - £81,627).

NOTES TO THE ACCOUNTS**Year ended 31 December 1999****20. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No 8, Related Party Disclosures, not to disclose transactions with Astra Aktiebolaget group companies (until 5 April 1999) or AstraZeneca PLC group companies (from 5 April 1999) or interests of the group who are related parties.

21. ULTIMATE PARENT UNDERTAKING

The immediate parent company is Astrapharm, a company incorporated in Great Britain.

Following the merger of Astra Aktiebolaget (the ultimate parent company up until 5 April 1999) and Zeneca Group PLC on 5 April 1999, the directors deem the ultimate parent company and controlling interest to be AstraZeneca Plc, a company incorporated in Great Britain.

Group accounts for AstraZeneca Plc may be obtained from the following address:

AstraZeneca Plc
15 Stanhope Gate
London
W17 6LN