

Astra Tech Limited

**Directors' report and financial
statements**

Registered number 1480123

31 December 2003



Contents

Directors' report	1
Statement of directors' responsibilities	4
<i>Report of the independent auditor</i>	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 2003.

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 £1,577,873 (2002: £1,515,453).

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 Wennestroem (resigned 19 March 2003)

RJ Seaden

P Selley (appointed 19 March 2003)

None 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 end of year or resignation date	Interest at start of year or appointment date
G Wennerstroem	712	585
RJ Seaden	407	355
P Selley	288	288

Directors' report *(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>20,370</u>	<u>-</u>	<u>-</u>	<u>20,370</u>			
P Selley	-	4,659	-	4,659	2231p	25/03/06	25/03/13
	<u>-</u>	<u>4,659</u>	<u>-</u>	<u>4,659</u>			

In addition to the above, 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 2003, except as indicated below, 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>2,198</u>	<u>4,071</u>			

Directors' report *(continued)*

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.

Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £11,600 (2002: £11,600).

Auditor

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

By order of the board



Patricia Trotman
Secretary

30 APRIL 2004

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

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 auditors

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 audit 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

11 MAY 2004

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Profit and loss account
for the year ended 31 December 2003

	<i>Note</i>	2003 £	2002 £
Turnover	2	20,652,181	18,181,535
Cost of sales		(13,730,919)	(12,041,143)
		<hr/>	<hr/>
Gross profit		6,921,262	6,140,392
Other operating expenses	3	(4,939,028)	(4,173,306)
		<hr/>	<hr/>
Operating profit		1,982,234	1,967,086
Interest receivable and similar income	7	297,222	228,348
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	2,279,456	2,195,434
Tax on profit on ordinary activities	8	(701,583)	(679,981)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,577,873	1,515,453
		<hr/>	<hr/>
Retained profit for the year		1,577,873	1,515,453
		<hr/>	<hr/>

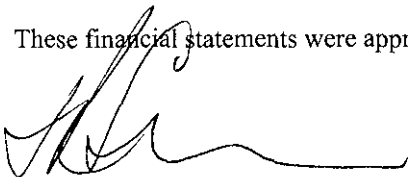
No separate statement of total recognised gains and losses has been presented as all such gains or losses have been dealt with in the profit and loss account.

The results of the company relate exclusively to continuing operations.

Balance sheet
at 31 December 2003

	<i>Note</i>	2003		2002
		£	£	£
Fixed assets				
Tangible assets	9	400,752		427,950
Current assets				
Stocks	10	1,838,419		1,478,495
Debtors	11	11,967,897		9,226,811
Cash at bank and in hand		5,301		37,809
		<u>13,811,617</u>		<u>10,743,115</u>
Creditors: amounts falling due within one year	12	<u>(5,150,767)</u>		<u>(3,687,336)</u>
Net current assets		8,660,850		7,055,779
Total assets less current liabilities and net assets		9,061,602		7,483,729
Capital and reserves				
Called up share capital	13	100,000		100,000
Profit and loss account	14	8,961,602		7,383,729
Equity shareholders' funds		9,061,602		7,483,729

These financial statements were approved by the board of directors on 30/04/04 and were signed on its behalf by:



RJ Seaden
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2003

	2003 £	2002 £
Profit for the financial year	1,577,873	1,515,453
Net addition to shareholders' funds	<u>1,577,873</u>	<u>1,515,453</u>
Opening shareholders' funds	7,483,729	5,968,276
Closing shareholders' funds	<u><u>9,061,602</u></u>	<u><u>7,483,729</u></u>

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 FRS 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 17.

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	-	3 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 participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Stocks

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

Turnover

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

Notes (continued)

2 Analysis of turnover

	Turnover	
	2003 £	2002 £
<i>By geographical market</i>		
United Kingdom	20,374,296	18,018,406
Rest of Europe	275,007	156,164
Other	2,878	6,965
	<hr/> 20,652,181 <hr/>	<hr/> 18,181,535 <hr/>

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

3 Other operating expenses

	2003 £	2002 £
Selling and promotion	3,246,587	2,760,554
Distribution costs	689,013	648,506
Administrative expenses	1,003,428	764,246
	<hr/> 4,939,028 <hr/>	<hr/> 4,173,306 <hr/>

4 Profit on ordinary activities before taxation

	2003 £	2002 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation and other amounts written off tangible and intangible fixed assets:		
Owned	120,754	111,758
Hire of plant and machinery - rentals payable under operating leases	16,203	107,090
Hire of other assets - operating leases	236,250	261,045
	<hr/> 373,207 <hr/>	<hr/> 479,893 <hr/>

Auditor's remuneration for the year was nil (2002: nil). Auditor's remuneration is borne by AstraZeneca UK Limited, a fellow group company.

Notes (continued)

5 Remuneration of directors

	2003 £	2002 £
Directors' emoluments	179,989	159,328
Company contributions to defined benefit pension schemes	22,930	19,724
	<u>202,919</u>	<u>179,052</u>

	Number of directors 2003	2002
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	1	1
The number of directors who exercised share options was	1	-

Details of directors' share options are given in the directors' report.

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 2003	2002
Sales and distribution	52	47
Administration	12	11
	<u>64</u>	<u>58</u>

The aggregate payroll costs of these persons were as follows:

	2003 £	2002 £
Wages and salaries	2,279,565	1,810,195
Social security costs	221,189	189,430
Other pension costs	289,162	269,490
	<u>2,789,916</u>	<u>2,269,115</u>

Notes (continued)

7 Interest receivable and similar income

	2003 £	2002 £
Bank and other interest receivable	297,222	228,348

8 Taxation

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2002: higher) than the standard rate of corporation tax in the UK (30%, 2002: 30%). The differences are explained below.

	2003 £	2002 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2,279,456	2,195,434
Current tax charge at 30% (2002: 30%)	683,837	658,630
<i>Effects of:</i>		
Expenses not deductible for tax purposes	14,821	26,885
Capital allowances for the period in excess of depreciation	-	(5,534)
Depreciation for the period in excess of capital allowances	4,618	-
Adjustments to tax charge in respect of previous periods	(1,693)	-
Tax on profit on ordinary activities	701,583	679,981

Notes (continued)

9 Tangible fixed assets

	Short leasehold improvements £	Plant and machinery £	Computer equipment £	Office fixtures and fittings £	Total £
Cost					
At beginning of year	127,016	89,743	248,703	341,774	807,236
Additions	-	595	71,986	21,455	94,036
Disposals	-	-	(29,162)	(5,011)	(34,173)
At end of year	127,016	90,338	291,527	358,218	867,099
Depreciation					
At beginning of year	24,203	45,481	162,801	146,801	379,286
Charge for year	8,288	9,848	63,583	39,035	120,754
Disposals	-	-	(29,162)	(4,531)	(33,693)
At end of year	32,491	55,329	197,222	181,305	466,347
Net book value					
At 31 December 2003	94,525	35,009	94,305	176,913	400,752
At 31 December 2002	102,813	44,262	85,902	194,973	427,950

10 Stocks

	2003 £	2002 £
Finished goods and goods for resale	1,838,419	1,478,495

11 Debtors

	2003 £	2002 £
Trade debtors	3,601,492	3,096,290
Amounts owed by group undertakings	8,244,564	6,006,886
Prepayments and accrued income	121,841	123,635
	11,967,897	9,226,811

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.

Notes (continued)

12 Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	59,972	42,946
Amounts owed to group undertakings	1,727,621	1,128,844
Taxation and social security	3,145,548	2,308,421
Accruals and deferred income	217,626	207,125
	<u>5,150,767</u>	<u>3,687,336</u>

13 Called up share capital

	2003 £	2002 £
<i>Authorised</i>		
Equity: Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

14 Reserves

	Profit and loss account £
At beginning of year	7,383,729
Retained profit for the year	1,577,873
	<u>8,961,602</u>
At end of year	<u>8,961,602</u>

Notes (continued)

15 Commitments

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

	2003		2002	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	-	33,483
In the second to fifth years inclusive	60,000	-	-	-
Over five years	241,250	-	301,250	-
	<hr/>	<hr/>	<hr/>	<hr/>
	301,250	-	301,250	33,483
	<hr/>	<hr/>	<hr/>	<hr/>

16 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 £289,162 (2002: £269,490).

The company is a member of a pension scheme providing benefits based on final pensionable pay. Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits' the scheme will be accounted for by the company when the accounting standard is fully adopted by the company as if the scheme was a defined contribution scheme.

17 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.