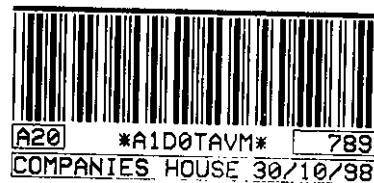


Company registration number: 2903539

**DIRECTORS' REPORT AND ACCOUNTS FOR
THE YEAR ENDED 31 DECEMBER 1997
FOR W-L (EUROPE)**



REPORT OF THE DIRECTORS

Directors: R A Breden
S A Mellino

Secretary: D M Willis

The directors have pleasure in submitting the Report and Accounts of the Company for the year ended 31 December 1997.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company was incorporated on 24 February 1994 and formed as an investment holding company.

RESULTS AND DIVIDENDS

The profit for the year amounts to £2,943,000 (1996 - £1,486,000) of which £38,000 has been transferred to reserves (1996 - £ 1,486,000).

An ordinary dividend of £2,905,000 was paid during the year (1996 - £Nil).

DIRECTORS

The directors of the Company during the year ended 31 December 1997 were as listed above.

DIRECTORS' INTERESTS

Neither of the directors has an interest in the shares of the Company or in any contract to which the Company was a party during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

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 the year. In preparing these statements the directors are required to select suitable accounting policies and 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 or explained in the financial statements; and prepare the 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.

REPORT OF THE DIRECTORS (Continued)**EURO/YEAR 2000**

The directors are aware of the issues relating to the Year 2000 and the proposed introduction of the Euro. They have set up a steering committee who are monitoring both projects. The Company is in the process of replacing its major computer systems that are intended to be Year 2000 and Euro compliant.

ANNUAL GENERAL MEETING

In accordance with the provisions of S379A of the Companies Act 1985, the Company has elected to dispense with the laying of reports and accounts before the members in general meeting, the annual appointment of auditors and the holding of annual general meetings. Following the merger of Price Waterhouse and Coopers & Lybrand on 1 July 1998, Price Waterhouse resigned as auditors during the period and PricewaterhouseCoopers were appointed in their place.

By order of the Board.



D M WILLIS
Secretary

23 October 1998

PricewaterhouseCoopers
The Quay
30 Channel Way
Ocean Village
Southampton SO14 3QG
Telephone +44 (0) 1703 330077
Facsimile +44 (0) 1703 223473
DX 123120

AUDITORS' REPORT TO THE MEMBERS OF W-L (EUROPE)

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1, 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 financial statements and to report our opinion to you.

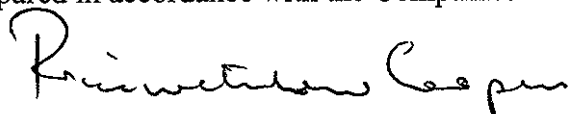
Basis of opinion

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 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.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
Southampton

23 October 1998

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

	Note	1997 £'000's	1996 £'000's
Income from shares in group undertakings		3,632	1,496
Net interest receivable		55	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		3,687	1,496
Tax on profit on ordinary activities	3	(744)	(10)
		<hr/>	<hr/>
Profit for the financial year		2,943	1,486
Dividends payable		(2,905)	-
		<hr/>	<hr/>
Retained profit for year	10	38	1,486
		<hr/>	<hr/>

There are no recognised gains or losses other than those shown in the profit and loss account.

BALANCE SHEET AS AT 31 DECEMBER 1997

	Note	1997		1996	
		£'000's	£'000's	£'000's	£'000's
FIXED ASSETS					
Investments	5		1,301		1,301
CURRENT ASSETS					
Debtors	6	2,037		-	
Cash at bank and in hand		643		2,656	
		<u> </u>		<u> </u>	
		2,680		2,656	
CREDITORS: Amounts falling due within one year					
Creditors	7	-		(31)	
Corporation tax		(17)		-	
		<u> </u>		<u> </u>	
		(17)		(31)	
NET CURRENT ASSETS			2,663		2,625
			<u> </u>		<u> </u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,964		3,926
			<u> </u>		<u> </u>
CAPITAL AND RESERVES					
Called up share capital	8		10		10
Share premium account	9		2,015		2,015
Profit and loss account	10		1,939		1,901
			<u> </u>		<u> </u>
SHAREHOLDERS' FUNDS	2		3,964		3,926
			<u> </u>		<u> </u>


 S A Mellino

Director

Approved by the Board on 23 October 1998

NOTES TO THE ACCOUNTS - 31 DECEMBER 1997

1. ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. In accordance with Financial Reporting Standard 1 (Revised) no cashflow statement has been prepared. Warner-Lambert Company, the ultimate holding company, prepares a cashflow statement.

(b) Investments

Investments are stated at cost less provisions for permanent diminution in value.

2. MOVEMENT IN SHAREHOLDERS' FUNDS

	1997 £'000's	1996 £'000's
Profit for the financial year	2,943	1,486
Dividends payable	(2,905)	-
	<hr/>	<hr/>
Net addition to shareholders' funds	38	1,486
Opening shareholders' funds	3,926	2,440
	<hr/>	<hr/>
Closing shareholders' funds	3,964	3,926
	<hr/>	<hr/>

All shareholders' funds relate to equity interests.

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

The charge for taxation based on the profit for the year comprises:

	1997 £'000's	1996 £'000's
UK tax at 31.5% (1996 - 33%)	17	-
Prior year tax adjustment	-	10
Tax credit on franked investment income	727	-
	<hr/>	<hr/>
	744	10
	<hr/>	<hr/>

4. EMOLUMENTS OF DIRECTORS

The only employees of the Company during the year were the directors, neither of whom received any remuneration (1996 - £nil).

NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (Continued)

5. INVESTMENTS

	1997 £'000's	1996 £'000's
Opening and closing balance	1,301	1,301

Interest in Associated Undertakings:

The Company holds 3,808 'A' shares being 38.08% of the nominal value of those ordinary shares of Warner-Lambert Consumer Healthcare, registered in England and Wales, the holders of which have the right to receive notices, attend general meetings and vote thereat.

The Company also holds 373,204 'C' shares being 37.32% of the nominal value of those shares of Warner-Lambert Consumer Healthcare, registered in England and Wales, the holders of which have the rights to receive the balance of any profits to be distributed.

Warner-Lambert Consumer Healthcare is the holding company for the Warner-Lambert Consumer Healthcare group of companies in Europe and its subsidiaries develop, market, distribute and sell pharmaceutical OTC (over the counter) products.

The Company's share in the net assets and results of its associate is as follows:

	1997 £'000's	1996 £'000's
37.32% share of the profit before tax of Warner-Lambert Consumer Healthcare	6,338	10,233
37.32% share of the tax of Warner-Lambert Consumer Healthcare	3,575	3,870
37.32% share of the net profit of Warner-Lambert Consumer Healthcare	2,763	6,363
37.32% share of the assets of Warner-Lambert Consumer Healthcare	47,520	53,115
37.32% share of the reserves of Warner-Lambert Consumer Healthcare	27,436	28,038

6. DEBTORS

	1997 £'000's	1996 £'000's
Amounts owed by fellow subsidiary undertaking	2,037	-

NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (Continued)

7. CREDITORS: Amounts falling due within one year	1997 £'000's	1996 £'000's
Amounts owed to fellow subsidiary undertaking	-	31
8. CALLED UP SHARE CAPITAL	1997 £	1996 £
Authorised and allotted:		
100,000 Ordinary shares at 10 pence each	10,000	10,000
Fully paid:		
99,930 Ordinary shares at 10 pence each	9,993	9,993
9. SHARE PREMIUM ACCOUNT	1997 £'000's	1996 £'000's
Opening and closing balance	2,015	2,015
10. PROFIT AND LOSS ACCOUNT	1997 £'000's	1996 £'000's
Opening balance	1,901	415
Profit for the year	38	1,486
Closing balance	1,939	1,901

11. AUDITORS' REMUNERATION

The auditors' remuneration has been borne by a Warner-Lambert group company.

12. ULTIMATE PARENT UNDERTAKING/RELATED PARTY TRANSACTIONS

The ultimate parent and controlling undertaking is Warner-Lambert Company, a company incorporated in the United States of America. Copies of the accounts can be obtained from 201 Tabor Road, Morris Plains, New Jersey, 07950, USA. Warner-Lambert Company is the largest and smallest company to consolidate the accounts of W-L (Europe).

The results of the Company are consolidated in the results of Warner-Lambert Company, whose financial statements are publicly available. Accordingly, the Company is exempt from the requirement to disclose transactions with other companies which qualify as related parties within the Group.