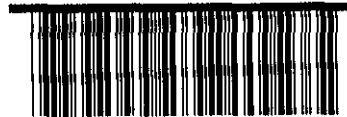




Registration
Number
4077870

DIGITAL WELLBEING LIMITED
DIRECTORS' REPORT
and
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2003



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DIGITAL WELLBEING LIMITED

Directors' Report

Year ended 31st March 2003

Directors

R J Holmes
J M Hornby
D A Kneale

Secretary

S Fennell

Registered Office

1 Thane Road West
Nottingham,
NG2 3AA

The directors present their annual report together with the audited financial statements for the year ended 31st March 2003.

Principal activities

The company operates an e-commerce website under the name of boots.com. Prior to 15th April 2003 the website was known as wellbeing.com.

Review of the business

The web shop carries over 12,000 health and beauty products. It also carries features, information and advice covering health, looking good and mother and baby issues.

Revenue generated during the year amounted to £9.3m and comprised product sales, online advertising, microsite hosting and other broadcast revenue. Also certain assets held at 30th September 2002 were fully impaired during the year at a charge of £10,398,000.

On 5th November 2002, The Boots Company PLC (subsidiary company of Boots Group PLC) acquired the 40% share from Granada making the company a 100% subsidiary.

Profit, dividends and retentions

Profit, dividends and retentions are shown in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (2002: £Nil).

Directors

The details of directors in office on 31st March 2003 are shown above. There have been the following changes to the board of directors during the year and up to the date of signing the financial statements:

Appointments

J Cresswell
R J Holmes
D A Kneale
J S Sinclair

Date

7th May 2002
4th September 2002
8th January 2003
7th August 2003

Resignations

J Cresswell
M A Graesser
S Shaps
D A R Thompson
B Clare
J M Hornby

Date

5th November 2002
5th November 2002
7th May 2002
4th September 2002
31st January 2003
7th August 2003

DIGITAL WELLBEING LIMITED


Directors' Report

Year ended 31st March 2003

Remuneration of directors

Details of the remuneration and shareholdings of the directors is included in notes 15 and 16 on pages 16 to 18. No director holds any shares in the company.

By order of the board



S Fennell
Secretary

24 OCT 2003
Date

DIGITAL WELLBEING LIMITED

Directors' responsibilities statement

Year ended 31st March 2003

Company law requires 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 and loss of the company for that period. In preparing these financial statements, 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, and
- 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.

DIGITAL WELLBEING LIMITED

Independent Auditors' Report

Year ended 31st March 2003

Independent Auditors' Report to the members of Digital Wellbeing Limited.

We have audited the financial statements on pages 5 to 20.

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 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 3, 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 affairs of the company as at 31st March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

LMC Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Birmingham

24 OCT 2003

Date

DIGITAL WELLBEING LIMITED**Profit and Loss Account**

Year ended 31st March 2003

	Notes	2003 £000	2002 £000
Turnover	1	9,335	4,300
Cost of sales		(6,123)	(2,839)
Gross profit		3,212	1,461
Operating costs	2	(15,442)	(29,602)
Operating loss before operating exceptional item		(12,230)	(28,141)
Exceptional impairment of website build assets		(10,398)	-
Operating loss		(22,628)	(28,141)
Net Interest receivable	3	20	47
Loss on ordinary activities before taxation		(22,608)	(28,094)
Tax credit on ordinary activities	4	3,658	8,835
Loss for the financial period and loss retained	11	(18,950)	(19,259)

The results for the year are wholly attributable to the continuing operations of the company and there have been no recognised gains or losses other than the loss for the year as stated above.

There is no material difference between the loss as stated above and the loss stated on an unmodified historical cost basis.

DIGITAL WELLBEING LIMITED
Reconciliation of Movements in Shareholders' Funds
Year ended 31st March 2003

	Notes	2003 £000	2002 £000
Loss for the financial year	11	(18,950)	(19,259)
New share capital subscribed	10	47,023	-
Net increase/(decrease) in shareholders' funds		<u>28,073</u>	<u>(19,259)</u>
Opening shareholders' deficit		(29,706)	(10,447)
Closing shareholders' deficit		<u>(1,633)</u>	<u>(29,706)</u>

DIGITAL WELLBEING LIMITED

Balance Sheet

Year ended 31st March 2003

	Notes	2003 £000	2002 £000
Fixed assets			
Tangible assets	5	<u>501</u>	<u>13,355</u>
Current assets			
Stock	6	806	1,892
Debtors falling due within one year	7	<u>283</u>	<u>8,968</u>
Debtors falling due after more than one year	7	<u>14,197</u>	<u>5,632</u>
		14,480	14,600
Cash at bank and in hand		535	173
		<u>15,821</u>	<u>16,665</u>
Creditors: Amounts falling due within one year	8	<u>(2,003)</u>	<u>(3,747)</u>
Net current assets		<u>13,818</u>	<u>12,918</u>
Total assets less current liabilities		14,319	26,273
Creditors: Amounts falling due after more than one year	9	<u>(15,952)</u>	<u>(55,979)</u>
Net liabilities		<u>(1,633)</u>	<u>(29,706)</u>
Capital and reserves			
Called up share capital	10	47,023	-
Profit and loss account	11	(48,656)	(29,706)
Equity shareholders' deficit		<u>(1,633)</u>	<u>(29,706)</u>

The financial statements were approved by the Board of Directors on
and are signed on its behalf by: JONATHAN SINCLAIR

24 October 2003



Director

DIGITAL WELLBEING LIMITED
Notes to the Financial Statements
Year ended 31st March 2003

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.

The parent company has confirmed willingness to continue to provide support to the company for a period of at least twelve months in order to enable the company to continue to trade and pay its debts as they fall due. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis.

Tangible fixed assets and depreciation

Tangible fixed assets include expenditure on website development costs. The amount capitalised includes external expenditure on development and installation of the website and associated infrastructure. Website design costs are capitalised to the extent that they are expected to create an enduring asset.

Costs relating to the planning of the development of the website are written off to the profit and loss account as incurred.

Tangible fixed assets are written off by equal instalments over their expected useful lives as follows:

Website build costs	3 years
Computer equipment	3 years
Fixtures and fittings	3 years

Any impairment in the value of fixed assets is charged to the profit and loss account as it arises.

DIGITAL WELLBEING LIMITED
Notes to the Financial Statements
Year ended 31st March 2003

1. Accounting policies (continued)

Turnover

Turnover comprises of revenues earned net of value added tax.

To date revenue has been derived from three transaction streams: e-commerce product sales, hosting of microsites and advertising revenue generated from the web site and television channel. The television channel has now been closed. E-commerce product sales are recognised at the point of despatch to the customer.

Advertising revenue is received dependant upon the number of television viewers or number of website page impressions. The amount of revenue recognised is determined after making allowances for the number of viewers or page impressions obtained and the time period in which the advertisements are published.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises purchase cost of goods.

Certain purchased television programme costs were written off over the period in which the programmes were transmitted. All television programme costs have now been written off following the closure of the TV Channel.

Pensions

A number of the company's employees are members of the Boots Pension Scheme. Contributions to be made by the company to that scheme are agreed between the company and the Trustees of the Boots Pension Scheme. Contributions are charged to the profit and loss account as the obligation arises. For further details see note 17.

Employees who are not a member of the Boots Pension Scheme had the opportunity to join a defined contribution scheme operated by Digital Wellbeing Limited.

Leases and hire purchase contracts

The rental costs of assets acquired under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

The cost of assets held under finance leases and hire purchase contracts is included under tangible fixed assets and depreciation is provided in accordance with the policy for the class of asset concerned. The corresponding obligations under the leases and hire purchase contracts are shown as creditors. The finance charge element of the payments is charged to the profit and loss account to produce, or approximate to, a constant periodic rate of charge on the remaining balance of outstanding obligations.

DIGITAL WELLBEING LIMITED
Notes to the Financial Statements
Year ended 31st March 2003

1. Accounting policies (continued)

Deferred taxation

Deferred tax is provided in respect of all timing differences that have originated, but not reversed, by the balance sheet date. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

2. Operating costs	2003 £000	2002 £000
Selling and distribution costs	21,742	23,379
Administration expenses	4,098	6,223
	25,840	29,602

Operating loss shown on page 5 is after charging:

Operating lease rentals:		
- Property rents – 3rd party	175	302
- Property rents – intra group	37	-
- Computer & plant hire	247	423
Depreciation of owned tangible fixed assets	3,200	6,410
Depreciation of assets held under finance leases	344	229
Impairment of tangible fixed assets	10,398	97
Write down of television programming costs	436	-
Remuneration of auditors - Audit fees	10	15

3. Net interest receivable	2003 £000	2002 £000
Interest receivable and similar income		
Other interest	20	48
Interest payable and similar charges		
Other interest	-	(1)
Net interest receivable	20	47

DIGITAL WELLBEING LIMITED
Notes to the Financial Statements
Year ended 31st March 2003

4. Tax on loss on ordinary activities	2003	2002
	£000	£000

The tax credit on the loss for the year consists of:

Current taxation

UK corporation tax	(2,783)	(8,178)
Adjustment in respect of prior years	57	(492)
Transfer of prior year to deferred tax	4,993	-
Total current tax	2,267	(8,670)

Deferred tax

Origination and reversal of timing differences including transfer above	(5,925)	(165)
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Tax on loss on ordinary activities	(3,658)	(8,835)
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Reconciliation of current tax charge/(credit)

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30% (2002: 30%). The actual tax charge/(credit) for the current year and prior year exceeds the standard rate for the reasons set out in the following reconciliation.

	2003	2002
	£000	£000
Loss on ordinary activities before taxation	(22,608)	(28,094)
UK standard rate of corporation tax at 30%	(6,782)	(8,428)
Factors affecting charge/(credit) for the year:		
Differences between capital allowances and depreciation	3,070	293
Changes in pension fund prepayment	(8)	(8)
Other timing differences	(1,900)	-
Disallowable expenses	-	(35)
Write off of brought forward losses	2,837	-
Transfer of prior year losses to deferred tax	4,993	-
Prior year adjustments	57	(492)
Total current tax charge/(credit) for the year	2,267	(8,670)

DIGITAL WELLBEING LIMITED
Notes to the Financial Statements
Year ended 31st March 2003

5. Tangible fixed assets	Fixtures, Fittings and Equipment £000
Cost or valuation	
At 1st April 2002	20,754
Additions	1,114
Disposals	(40)
At 31st March 2003	<u>21,828</u>
Depreciation	
At 1st April 2002	7,399
Charge for the period	3,544
Disposals	(14)
Impairment	10,398
At 31st March 2003	<u>21,327</u>
Net book value at 31st March 2002	13,355
Net book value at 31st March 2003	<u>501</u>

The cost of fixtures, fittings and equipment includes £687,924 (2002: £687,924) in respect of assets held under finance leases on which accumulated depreciation at the end of the year was £687,924 (2002: £343,962) and for which the depreciation charge for the year was £343,962 (2002: £229,308).

Certain assets held at 30th September 2002 were fully impaired during the year at a charge of £10,398,000.

6. Stock	2003 £000	2002 £000
Television programming costs	-	618
Finished goods and goods for resale	806	1,274
	<u>806</u>	<u>1,892</u>

The television programming costs remaining at 30th September 2002 were fully written down at that time.

DIGITAL WELLBEING LIMITED
Notes to the Financial Statements
Year ended 31st March 2003

7. Debtors	2003	2002
	£000	£000
Falling due within one year:		
Trade debtors	132	296
Other debtors	-	167
Prepayments and accrued income	151	1,016
Consortium relief payable by the joint venture parties	-	7,489
	<u>283</u>	<u>8,968</u>
Falling due after more than one year:		
Amounts owed by group undertakings	7,633	-
Corporation tax debtor	-	4,993
Deferred tax debtor (see below)	6,564	639
	<u>14,197</u>	<u>5,632</u>
Total debtors	<u>14,480</u>	<u>14,600</u>

Deferred tax debtor

£000

At 1st April 2002	639
Profit and loss account (see note 4)	5,925
At 31st March 2003	<u>6,564</u>

Analysis of deferred tax debtor	2003	2002
	£000	£000
Accelerated capital allowances	3,457	608
Pension prepayment	23	31
Unused tax losses	3,084	-
	<u>6,564</u>	<u>639</u>

8. Creditors: Amounts falling due within one year	2003	2002
	£000	£000
Amounts due to group undertakings	571	-
Trade creditors	323	497
Other taxation and social security	77	77
Other creditors	103	455
Accruals and deferred income	929	2,718
	<u>2,003</u>	<u>3,747</u>

DIGITAL WELLBEING LIMITED
Notes to the Financial Statements
Year ended 31st March 2003

9. Creditors: Amounts falling due after more than one year	2003 £000	2002 £000
Loans from group undertakings	15,952	-
Loans from joint venture parties	-	55,979
	15,952	55,979

No interest is payable on the above loans for which no specific repayment terms exist.

10. Called up share capital	2003 £	2002 £
Authorised		
Ordinary shares of £1 each	50,000,000	-
Ordinary "A" shares of £1 each	-	40
Ordinary "B" shares of £1 each	-	60
	50,000,000	100
Issued		
Ordinary shares of £1 each	47,022,730	-
Ordinary "A" shares of £1 each	-	40
Ordinary "B" shares of £1 each	-	60
	47,022,730	100

On 5th November 2002 the Ordinary "A" and "B" shares were converted into ordinary shares and the authorised share capital was increased to 50 million ordinary shares of £1 each. 42,022,730 ordinary shares of £1 each were issued at their nominal value.

11. Reserves	Profit and loss account £000
At 1st April 2002	(29,706)
Retained loss for the year	(18,950)
At 31st March 2003	(48,656)

DIGITAL WELLBEING LIMITED
Notes to the Financial Statements
Year ended 31st March 2003

12. Commitments	Land and buildings £000	Other Assets £000
------------------------	--	----------------------------------

Annual commitments under operating leases are as follows:

Expiring:

Over one year and less than five years	<u>300</u>	<u>423</u>
At 31st March 2002	<u>300</u>	<u>423</u>

There were no annual commitments under operating leases at 31st March 2003.

13. Contingent liabilities

At 31st March 2003 the company had no contingent liabilities (2002: £nil).

14. Staff numbers and costs	2003 Number	2002 Number
------------------------------------	------------------------	------------------------

The average full time equivalent number of persons employed by the company during the year was as follows:

<u>61</u>	<u>72</u>
-----------	-----------

	Year ended 2003 £000	Year ended 2002 £000
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The aggregate payroll cost was as follows:

Wages and salaries	2,222	3,162
Social security costs	229	315
Other pension costs	167	429
	<u>2,618</u>	<u>3,906</u>

DIGITAL WELLBEING LIMITED
Notes to the Financial Statements
Year ended 31st March 2003

15. Directors' remuneration	2003 £000	2002 £000
i) Directors' emoluments for services to the company	328	240
ii) Monies received from long term bonus schemes	-	-
iii) (a) The remuneration of the highest paid director, excluding pension contributions	176	234
(b) (i) Increase in accrued pension during the year, including inflation	-	9
(ii) Accumulated total accrued pension at year end	-	28
iv) Number of directors who are members of defined benefit pension schemes	3	2
v) Number of directors who had exercised options during the period (who are not directors of the ultimate holding company)	-	-

16. Directors' shareholdings and share options

The beneficial interests of the directors, who are not directors of the ultimate holding company, and their families, in the share capital of the ultimate holding company at 31st March 2003 are shown below. No director holds any loan capital in the ultimate holding company. The share interests of the directors who are directors of the ultimate holding company are included within those group financial statements.

Ordinary shares under executive and SAYE options								
Ordinary shares 2003	Ordinary Shares 2002	Ordinary Shares under Options 2003	Average Option Price 2003 £	Exercised during the period	Exercise Price £	Market price at date of exercise	Lapsed during the period	Ordinary shares under options 2002
R J Holmes	4,972**	4,860*	42,669	6.328	-	-	-	42,669*
J M Hornby	-	-	-	-	-	-	1,522	1,522
D A Kneale	855	855*	29,527	6.350	-	-	-	29,527*

* At date of appointment

** Included within the Ordinary shares held are shares purchased under the Share Investment Plan: R J Holmes 193

DIGITAL WELLBEING LIMITED
Notes to the Financial Statements
Year ended 31st March 2003

16. Directors' shareholdings and share options (continued)

The market price of the ultimate holding company's shares at 31st March 2003 was 530.5p. The range of market prices during the year was 492p to 725p. Prices shown for options exercised during the year represent the weighted average of prices. The average option price for 2003 represents the weighted average price for options outstanding at 31st March 2003.

Under a savings related scheme options may be granted to qualifying employees to subscribe for ordinary shares at approximately 80% of market price.

Under the executive share option plan 2001 certain directors were granted options to subscribe for ordinary shares in Boots Group PLC. These options become exercisable 3 years after grant if the performance target is met. If the target is not met, the performance period is extended but if the target is still not met by the end of the sixth year of the performance period, the options lapse. Once the performance target is met, such options are exercisable up to 10 years from grant at option prices of 630p and 594p.

The table below shows the number of shares in Boots Group PLC (the ultimate holding company) over which certain directors have been granted conditional rights under the Long Term Bonus scheme. Under the Long Term Bonus scheme, at the end of a four year performance cycle, (three years for the schemes commenced in 2002) half the bonus earned is paid in cash and half paid as a share award.

	Conditional entitlement award under The Long Term Bonus Scheme				
	31st March 2003	Exercised during the period	Lapsed during the period	Granted during the period	31st March 2002
R J Holmes	4,460	-	-	-	4,460*
J M Hornby	839	(613)	-	613	839

* At date of appointment

DIGITAL WELLBEING LIMITED
Notes to the Financial Statements
Year ended 31st March 2003

16. Directors' shareholdings and share options (continued)

The table below shows the number of shares in Boots Group PLC (the ultimate holding company) that have been conditionally awarded to certain directors under All Employee Share Ownership Plan. The employee will normally become unconditionally entitled to these shares after remaining employed for a further three years from the date the award is made.

Conditional entitlement award under the All Employee Share Ownership Plan 2000			
	31st March 2003	Awarded during the period	31st March 2002
R J Holmes	39	-	39*

* At date of appointment

As a potential beneficiary, each director is deemed to have an interest in a total of 16,848,663 ordinary shares of the company held by the following employee trusts, namely, Boots ESOP Trust Limited (established to facilitate the operation of the company's executive bonus schemes), Boots (QUEST) Trustee Limited (established in connection with the company's UK all-employee SAYE Share Option Scheme) and Boots Share Plan Trustee Limited (established in connection with the company's All Employee Share Ownership Plan).

17. Pensions

The company participates in a funded group wide pension scheme providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. Since 1st October 2000, new employees have been offered membership of Boots Stakeholder Pension Plan, a defined contribution pension arrangement. After five years' membership of this plan, employees have the opportunity to join Boots Pension Scheme.

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. At 31st March 2003 the scheme had a surplus on an FRS 17 basis of £154m before tax.

Details of the most recent actuarial valuation and FRS 17 disclosures at 31st March 2003 can be found in the financial statements of Boots Group PLC.

DIGITAL WELLBEING LIMITED
Notes to the Financial Statements
Year ended 31st March 2003

18. Joint venture parties

Until 5th November 2002 the company was a 60:40 joint venture between Boots Group PLC and Granada Media Group Limited, which are both incorporated in Great Britain and registered in England and Wales. On this date The Boots Company PLC (subsidiary company of Boots Group PLC) acquired the 40% share from Granada making the company a 100% subsidiary.

The company's immediate holding company (which is also the immediate controlling party) is The Boots Company PLC and its ultimate holding company (which is also the ultimate controlling party) is Boots Group PLC, a company incorporated in Great Britain and registered in England and Wales. The results of the company are included in the group financial statements of Boots Group PLC.

Copies of the group financial statements may be obtained from 1 Thane Road West, Nottingham NG2 3AA.

19. Related party disclosures

During the period between 1st April 2002 and 5th November 2002 the company had transactions with the following related parties:

- a) The Boots Company PLC has a 100% interest in the share capital of Digital Wellbeing Limited. From 1st April 2002 to 5th November 2002 it held a 60% interest. During that period it provided:
- a non-interest bearing loan totalling at 5th November 2002 £12,811,032 (31st March 2002 - £33,586,670). The loan at 5th November 2002 is stated after capitalisation of some £28,213,638 of the balance.
 - office space at Hargreaves House and City Gate, Nottingham for which a charge of £175,163 (2002 - £302,250) was made
 - information systems support, accountancy and tax support and internal audit services for which a charge of £148,622 (2002 - £239,775) was made.

Certain expenditure was incurred by The Boots Company PLC on behalf of Digital Wellbeing Limited. This was passed on at original cost.

DIGITAL WELLBEING LIMITED
Notes to the Financial Statements
Year ended 31st March 2003

20. Related party disclosures (continued)

b) Boots The Chemists Limited, a subsidiary of The Boots Company PLC provided:

- instore and TV advertising and access to the Boots Christmas Gift Guide for which no charge was made.
- warehouse management for which a charge of £607,000 (2002 - £961,232) was made.
- hosting of servers for which a charge of £184,000 (2002 - £141,960) was made.

Boots.com acts as an agent of Boots The Chemists Limited for the sale of certain health and beauty products. During the period purchases of £3,067,887 (2002 - £2,853,663) were made from Boots The Chemist Limited and commission of £1,103,000 (2002 - £1,330,000) was earned by Boots.com on sales of £2,765,000 (2002 - £3,332,000) under the agency agreement.

Boots.com participates in the Advantage Card scheme offered by Boots The Chemists Limited. Customers collect points with sales and are used as a promotional tool. A charge of £153,180 (2002 - £613,303) was made during the period for points issued.

c) Certain employees who transferred to Digital Wellbeing Limited from The Boots Company PLC remain eligible to participate in the pension scheme operated by Boots Pensions Limited, a subsidiary of the Boots Company PLC. Digital Wellbeing Limited made contributions of £192,165 (2001 - £420,929) during the period by way of employer's contributions to the scheme.

d) Granada Media Group Limited (a subsidiary of Granada plc) had a 40% interest in the share capital of Digital Wellbeing Limited for the period 1st April 2002 to 5th November 2002, on 5th November 2002 it ceased to be a shareholder of Digital Wellbeing Limited. During the period 1st April 2002 to 5th November 2002 it provided a non-interest bearing loan totalling £nil at 5th November 2002 (31st March 2002 - £22,392,092). The loan at 5th November 2002 is stated after capitalisation of some £18,809,092 of the balance.

e) Granada Television Limited, a subsidiary of Granada plc, provided:

- services of scheduling and planning, distribution consultancy and delivery and monitoring for which a charge of £nil (2002 - £384,764) was made
- advertising sales agency services for which a charge of £42,776 (2002 - £145,000) was made

Certain expenditure was incurred by Granada Television Limited on behalf of Digital Wellbeing Limited. This was passed on at original cost.

f) Yorkshire Television Limited, a subsidiary of Granada plc, provided TV production services for which a charge of £nil (2002 - £5,712,887) was made.