

Registered
6004

Carlton (UK) Retail LTD

Financial Statements (Unaudited)

28 February 1998

Registered No. FC017922



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Carlton (UK) Retail LTD

PROFIT AND LOSS ACCOUNT

for the year ended 28 February 1998

| | Notes | 1998 £ | 1997 £ |
|--|-------|-------------------------|-------------------------|
| TURNOVER | | | |
| Continuing operations | | 1,461,841 | 1,673,748 |
| Discontinued operations | | 66,103 | 168,475 |
| | | <u>1,527,944</u> | <u>1,842,223</u> |
| Cost of sales | | 2,060,265 | 2,286,281 |
| | | <u>(532,321)</u> | <u>(444,058)</u> |
| GROSS LOSS | | | |
| Administrative expenses | | 41,544 | 17,920 |
| | | <u>(573,865)</u> | <u>(461,978)</u> |
| OPERATING LOSS | 3 | | |
| Interest payable | 4 | (224,789) | (151,752) |
| Interest receivable and similar income | 5 | 9,057 | 1,358 |
| | | <u>(789,597)</u> | <u>(612,372)</u> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | | |
| Taxation | 6 | - | - |
| | | <u>(789,597)</u> | <u>(612,372)</u> |
| LOSS FOR THE YEAR | | | |
| | | <u><u>(789,597)</u></u> | <u><u>(612,372)</u></u> |

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to shareholders of £789,597 in the year ended 28 February 1998 (1997- £612,372).

Carlton (UK) Retail LTD

BALANCE SHEET

at 28 February 1998

| | Notes | 1998 £ | 1997 £ |
|--|-------|--------------------|--------------------|
| FIXED ASSETS | | | |
| Tangible assets | 7 | 247,942 | 321,180 |
| | | <u>247,942</u> | <u>321,180</u> |
| CURRENT ASSETS | | | |
| Stocks | 8 | 314,391 | 464,718 |
| Debtors | 9 | 57,315 | 74,761 |
| Cash at bank and in hand | | 59,934 | 58,064 |
| | | <u>431,640</u> | <u>597,543</u> |
| CREDITORS: amounts falling due within one year | 10 | (7,367,820) | (6,817,364) |
| NET CURRENT LIABILITIES | | <u>(6,936,180)</u> | <u>(6,219,821)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>(6,688,238)</u> | <u>(5,898,641)</u> |
| CREDITORS: amounts falling due after more than one year | 11 | (3,000,000) | (3,000,000) |
| EXCESS OF LIABILITIES OVER ASSETS | | <u>(9,688,238)</u> | <u>(8,898,641)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 13 | 673 | 673 |
| Profit and loss account | 14 | (9,688,911) | (8,899,314) |
| | | <u>(9,688,238)</u> | <u>(8,898,641)</u> |


J G Murray - Director

19 JUNE 1998

1. **FUNDAMENTAL ACCOUNTING CONCEPT**

The company is dependent upon the continued support of its parent company and fellow subsidiary undertakings. The directors believe that this support will continue and that it is therefore appropriate to prepare the accounts on a going concern basis. However, should continuing support not be available, the going concern basis would be invalid and adjustments would have to be made to reduce the value of assets to their realisable amount, to provide for further liabilities which might arise and to reclassify fixed assets as current assets.

2. **ACCOUNTING POLICIES**

Basis of preparation

The accounts are prepared under the historical cost convention and are in accordance with US Generally Accepted Accounting Principles. All values are expressed in £ sterling. Carlton (UK) Retail LTD has taken advantage of exemptions given by the Overseas Companies (Accounts) (Modifications and Exemptions) Order 1990.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

| | | |
|----------------------------|---|--|
| Short leasehold | - | equal annual instalments over the period of the lease |
| Leasehold improvements | - | over the shorter of the period of the lease and 10 years |
| Motor vehicles | - | 3 years |
| Shop fixtures and fittings | - | 3 to 8 years |
| Computer equipment | - | 5 years |

Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowances for any obsolete or slow moving items.

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that taxation will be payable.

Leasehold properties

The leases on premises are treated as operating leases with the premiums and associated legal costs being capitalised as a tangible asset and amortised. Rentals payable are charged to income on a straight line basis over the lease term.

Pensions

The group operates a defined contribution pension scheme whose assets are independent of the group's finances. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Carlton (UK) Retail LTD

NOTES TO THE ACCOUNTS

at 28 February 1998

3. OPERATING LOSS

This is stated after charging/(crediting):

| | 1998 £ | 1997 £ |
|--|-------------------|-------------------|
| Depreciation of fixed assets | 80,747 | 114,867 |
| Leasehold property rentals | 599,212 | 775,150 |
| Rental income | 47,000 | 49,864 |
| Loss/(profit) on disposal of tangible fixed assets | 10,128 | 42,226 |
| | <u> </u> | <u> </u> |

4. INTEREST PAYABLE

| | 1998 £ | 1997 £ |
|----------------|-------------------|-------------------|
| Bank interest | 224,789 | 151,105 |
| Other interest | - | 647 |
| | <u> </u> | <u> </u> |
| | 224,789 | 151,752 |
| | <u> </u> | <u> </u> |

5. INTEREST RECEIVABLE

| | 1998 £ | 1997 £ |
|-------------------------|-------------------|-------------------|
| Bank interest received | 8,183 | - |
| Other interest received | 874 | 1,358 |
| | <u> </u> | <u> </u> |
| | 9,057 | 1,358 |
| | <u> </u> | <u> </u> |

6. TAXATION

There is no liability to corporation tax arising on the results for the year.

Carlton (UK) Retail LTD

NOTES TO THE ACCOUNTS at 28 February 1998

7. TANGIBLE FIXED ASSETS

| | <i>Short leasehold premises £</i> | <i>Fixtures, fittings and equipment £</i> | <i>Total £</i> |
|--------------------------|---|---|--------------------|
| Cost: | | | |
| At 28 February 1997 | 465,447 | 443,532 | 908,979 |
| Additions | - | 17,638 | 17,638 |
| Disposals | (14,232) | (33,221) | (47,453) |
| At 28 February 1998 | 451,215 | 427,949 | 879,164 |
| Depreciation: | | | |
| At 28 February 1997 | 195,652 | 392,147 | 587,799 |
| Provided during the year | 41,691 | 39,056 | 80,747 |
| Disposals | (4,103) | (33,221) | (37,324) |
| At 28 February 1998 | 233,240 | 397,982 | 631,222 |
| Net book value: | | | |
| At 28 February 1998 | 217,975 | 29,967 | 247,942 |
| Net book value: | | | |
| At 28 February 1997 | 269,795 | 51,385 | 321,180 |

8. STOCKS

| | <i>1998 £</i> | <i>1997 £</i> |
|------------------|-------------------|-------------------|
| Goods for resale | 314,391 | 464,718 |

9. DEBTORS

| | <i>1998 £</i> | <i>1997 £</i> |
|--|-------------------|-------------------|
| Amounts owed by immediate parent undertaking | 673 | 673 |
| Other debtors | 2,377 | 1,000 |
| Prepayments and accrued income | 54,265 | 73,088 |
| | 57,315 | 74,761 |

Carlton (UK) Retail LTD

NOTES TO THE ACCOUNTS

at 28 February 1998

10. CREDITORS: amounts falling due within one year

| | 1998 £ | 1997 £ |
|---|------------------|------------------|
| Bank overdraft | - | 68,269 |
| Trade creditors | 12,741 | 11,969 |
| Amount owed to fellow subsidiary undertakings | 7,188,862 | 6,513,582 |
| Other taxes and social security costs | 12,720 | 7,192 |
| Accruals and deferred income | 153,160 | 212,173 |
| Other creditors | 337 | 4,179 |
| | <u>7,367,820</u> | <u>6,817,364</u> |

The fellow subsidiaries undertakings have agreed not to recall amounts advanced to the company until all other creditors have been met.

11. CREDITORS: amounts falling due after more than one year

| | 1998 £ | 1997 £ |
|-------------------------------------|------------------|------------------|
| Wholly repayable within five years: | | |
| Bank loan | <u>3,000,000</u> | <u>3,000,000</u> |

12. DEFERRED TAXATION

There is no deferred tax which has not been provided.

There are tax losses available to carry forward and offset against future taxable profits, the tax effect of which amounts to £2,794,942 (1997 - £2,564,294) at the current rate of corporation tax.

13. CALLED UP SHARE CAPITAL

| | 1998 No. | Authorised 1997 No. | Allotted, called up and fully paid 1998 £ | 1997 £ |
|----------------------------|--------------|---------------------------|--|------------|
| Ordinary shares of £1 each | <u>2,019</u> | <u>2,019</u> | <u>673</u> | <u>673</u> |

Carlton (UK) Retail LTD

NOTES TO THE ACCOUNTS at 28 February 1998

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

| | <i>Share capital £</i> | <i>Profit and loss account £</i> | <i>Total £</i> |
|---------------------|--------------------------------|--|--------------------|
| At 29 February 1996 | 673 | (8,286,942) | (8,286,269) |
| Loss for the year | - | (612,372) | (612,372) |
| At 28 February 1997 | 673 | (8,899,314) | (8,898,641) |
| Loss for the year | - | (789,597) | (789,597) |
| At 28 February 1998 | 673 | (9,688,911) | (9,688,238) |

15. OPERATING LEASE COMMITMENTS

Commitments under non-cancellable operating leases are as follows:

| | <i>1997 Land and buildings £</i> | <i>1996 Land and buildings £</i> |
|--------------------------------|--|--|
| Operating leases which expire: | | |
| between one and five years | 140,000 | - |
| in over five years | 446,000 | 667,500 |

16. CAPITAL COMMITMENTS

At 28 February 1998 contracted capital expenditure amounted to £Nil (1997 - £Nil).

17. PARENT UNDERTAKINGS AND ULTIMATE PARENT COMPANY

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is American Greetings Corporation, incorporated in the United States of America, which is also the company's ultimate parent company. Copies of American Greetings Corporation's accounts can be obtained from American Greetings Corporation, One American Road, Cleveland, Ohio 44144, USA.



1997

Amylin Pharmaceuticals, Inc.

annual report

ANNUAL MEETING

The annual meeting of stockholders will be held at 3:30 p.m., Wednesday, May 20, 1998 at the offices of the Company, located at 9360 Towne Centre Drive, San Diego, California 92121.

SEC FORM 10-K

A copy of the Company's annual report to the Securities and Exchange Commission on Form 10-K is available without charge upon written request to:

INVESTOR RELATIONS

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FAX ON DEMAND PRESS RELEASES

You may obtain Amylin Pharmaceuticals' press releases by fax 24 hours a day by calling (800) 758-5804, followed by our access number 100201.

WEBSITE ADDRESS

<http://www.amylin.com>

