

Wilkinson Sword Limited

**Directors' report and financial
statements**

Registered number 29311

30 November 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 November 2002.

Principal activities and business review

The principal activity of the Company during the year was the distribution of razors, razor blades, toiletries and manicure products and the manufacture and distribution of swords.

Results and dividends

The audited financial statements for the year ended 30 November 2002 are set out on pages 5 to 21.

During the year the Company adopted FRS 19 'Deferred Tax', further details are provided in notes 9 and 17. The results for the comparative period and prior years have been restated as if FRS 19 had been implemented for those periods.

The Company generated an after tax loss of £1,618,000 (2001: restated loss of £3,347,000). A dividend of £15,000,000 was declared for the year (2001: Nil). The retained loss for the year has been transferred to reserves.

Directors and directors' interests

The directors who held office during the year were as follows:

M J Cummings (USA)

T G R Audley

K Fletcher (resigned 25 June 2002)

D R Bainbridge

R H Gane (appointed 23 May 2002)

C A Hoade (appointed 25 July 2002)

At no time during the year did any of the directors have any interest in the shares of the Company or any Pfizer UK group company.

Disabled employees

It is the policy of the Company to give full and fair consideration to applications for employment made by disabled persons taking account of their particular abilities and aptitudes. Policies to actively eliminate discrimination and to ensure that all applicants are considered solely on their merits are promoted. Should any existing employee become disabled every effort is made to ensure continuity of employment after appropriate assessment of special needs, suitable adjustment to accommodate the disability, retraining and resettlement. The same opportunity for training and career development is given to disabled employees as is given to employees generally.

Directors' report *(continued)*

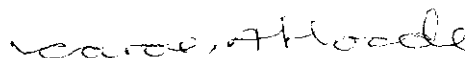
Employee involvement

The Company seeks open and direct relations with its employees through the provision of efficient formal and informal channels for communication. These include the publication of magazines for employees, web and email based information services, consultation through a variety of committees and regular departmental meetings. During the year the Company also participated in the Pfizer Europe Employees Forum (PEEF), agreed under the terms of the European Works Council Directive (22 September 1994).

The Company actively promotes an 'open door' management policy. There is also an extensive Performance Management programme that facilitates open and regular dialogue between employees and their managers.

The Pfizer Share Ownership Plan, through which shares in the ultimate parent company, Pfizer Inc., may be purchased annually, encourages employees of the participating companies to take a direct interest in the performance of the world-wide group.

By order of the board



C A Hoade
Director

Lambert Court
Chestnut Avenue
Eastleigh
Hants, SO53 3ZQ

27 March 2003

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 year. 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.



8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of Wilkinson Sword Limited

We have audited the financial statements on pages 5 to 21.

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 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 the company's affairs as at 30 November 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditors

28 March 2003

Profit and loss account
 For the year ended 30 November 2002

	<i>Note</i>	Year ended 30 November 2002 £000	11 months ended 30 November 2001 (as restated) £000
Turnover	2	24,824	25,481
Net operating costs	3	(26,800)	(29,523)
Operating loss		(1,976)	(4,042)
Other interest receivable and similar income	7	-	67
Interest payable and similar charges	8	(57)	-
Loss on ordinary activities before taxation	4	(2,033)	(3,975)
Tax credit on loss on ordinary activities	9	415	628
Loss on ordinary activities after taxation		(1,618)	(3,347)
Dividends declared	10	(15,000)	-
Retained loss for the financial year	19	(16,618)	(3,347)

The Company had no recognised gains or losses other than those reported in the profit and loss account for each period.

All items relate to continuing operations.

Balance sheet
As at 30 November 2002

	Note	30 November 2002		30 November 2001 (as restated)	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	11		1,520		922
Investments	12		29		29
			1,549		951
Current assets					
Stocks	13	6,235		5,276	
Debtors	14	28,912		31,557	
Cash at bank and in hand		-		913	
		35,147		37,746	
Creditors: amounts falling due within one year	15	(22,166)		(6,630)	
Net current assets			12,981		31,116
Total assets less current liabilities			14,530		32,067
Provisions for liabilities and charges	16		(2,205)		(3,124)
Net assets			12,325		28,943
Capital and reserves					
Called up share capital	18		5,246		5,246
Share premium account	19		360		360
Profit and loss account	19		6,719		23,337
Equity shareholders' funds			12,325		28,943

These financial statements were approved by the board of directors on 27 March 2003 and were signed on its behalf by:

C A Hoade

C A Hoade
 Director

Reconciliation of movements in shareholders' funds

	Year ended 30 November 2002 £000	11 months ended 30 November 2001 (as restated) £000
Opening equity shareholders' funds as previously reported	29,429	32,233
Adjustment in respect of adoption of FRS19*	(486)	57
	28,943	32,290
As restated	28,943	32,290
Loss for year	(1,618)	(3,347)
Dividends declared	(15,000)	-
	12,325	28,943
Closing equity shareholders' funds		

* During the year the Company adopted FRS19 'Deferred Tax'. Adoption of this new standard required the Company to restate its results for the comparative period and the reserves brought forward from prior periods.

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.

The company has adopted FRS19, 'Deferred Tax' in the year which requires full provision to be made for deferred tax assets and liabilities. The impact of adopting FRS 19 on the current year and prior year is disclosed in Notes 9 and 17.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 (Revised) 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.

Fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	-	life of lease
Plant and machinery	-	3 to 20 years

Foreign currencies

Transactions in foreign currencies are recorded using the Company's standard exchange rate for the month 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

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the first in, first out or an average method of valuation is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Turnover

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

Notes (continued)

1 Accounting policies (continued)

Research and development expenditure

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred. Expenditure on fixed assets employed in research and development activities is capitalised.

Post-retirement benefits

The Company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' expected working lives with the Company.

Employee share options

The Company has agreed with its ultimate parent company, Pfizer Inc. that Pfizer Inc. share options be granted to its employees in exchange for certain payments following exercise. Provision is made for the cost to the Company should all these options have been exercised at the balance sheet date.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences that have originated but not reversed by the balance sheet date and which could give rise to an obligation to pay more or less tax in the future.

2 Turnover

	Year ended 30 November 2002 £000	11 months ended 30 November 2001 £000
Geographical markets:		
United Kingdom	22,856	23,771
Rest of Europe	1,289	1,398
United States of America	124	57
Rest of World	555	255
	<hr/> 24,824 <hr/>	<hr/> 25,481 <hr/>

Notes (continued)

3 Net operating costs

	Year ended 30 November 2002 £000	11 months ended 30 November 2001 £000
Cost of sales	22,662	22,589
Research and development expenditure	-	1
Distribution costs	1,481	1,329
Administrative expenses ¹	2,657	5,604
	26,800	29,523
	26,800	29,523

Cost of sales includes the cost of production and marketing.

¹ Included within administrative expenses is a credit of £1,672,000 (2001: £2,864,000 charge) relating to the movement in the provision for the recharge of stock option costs by Pfizer Inc., further details are provided in note 16.

4 Loss on ordinary activities before taxation

	Year ended 30 November 2002 £000	11 months ended 30 November 2001 £000
Loss on ordinary activities before taxation is stated after charging		
Depreciation	208	94
Auditors' remuneration:		
Audit	28	28
Hire of plant and machinery – rentals payable under operating leases	163	192
Hire of buildings – operating leases	508	529
	508	529
	508	529

Notes (continued)

5 Remuneration of directors

	Year ended 30 November 2002 £000	11 months ended 30 November 2001 £000
Directors' emoluments	134	48

	Number of Directors	
	Year ended 30 November 2002	11 months ended 30 November 2001
Retirement benefits under defined benefit schemes accrued to the following number of directors during the year in respect of their services to the Company	1	2
The number of directors who exercised share options was	2	1

None of the directors received shares under long term incentive schemes in respect of their services to the Company (2001: none).

References in this note to shares and share options are to those in the ultimate parent company, Pfizer Inc.

6 Staff numbers and costs

The average number of people employed by the Company (including directors) during the year, analysed by category, was as follows:

	Year ended 30 November 2002	11 months ended 30 November 2001
Manufacturing	14	14
Administration	83	63
	97	77

Notes (continued)

6 Staff numbers and costs (continued)

The aggregate payroll costs of these people were as follows:

	Year ended 30 November 2002 £000	11 months ended 30 November 2001 £000
Wages and salaries	3,907	3,102
Social security costs	341	269
Other pension costs	723	232
	4,971	3,603
	4,971	3,603

7 Other interest receivable and similar income

	Year ended 30 November 2002 £000	11 months ended 30 November 2001 £000
Other interest	-	67
	-	67
	-	67

8 Interest payable and similar charges

	Year ended 30 November 2002 £000	11 months ended 30 November 2001 £000
Amounts payable on bank loans and overdrafts	57	-
	57	-
	57	-

Notes (continued)

9 Tax credit on loss on ordinary activities

	Year ended 30 November 2002 £000	11 months ended 30 November 2001 (as restated) £000
UK Corporation tax at 30% (2001: 30%)	1,324	1,070
Adjustments relating to an earlier year	(156)	101
Deferred Tax – origination and reversal of timing differences	(753)	(543)
	415	628
	415	628

The tax credit assessed for the year is higher than would have been achieved by tax effecting the loss before tax for the year at 30%. The differences are as follows:

	Year ended 30 November 2002 £000	11 months ended 30 November 2001 £000
Loss on ordinary activities before tax	(2,033)	(3,975)
Taxation credit at UK corporation tax rate of 30% (2001: 30%)	610	1,193
<i>Effects of:</i>		
Pension contributions	738	458
Expenses not deductible for tax purposes	(39)	(94)
Capital allowances for the year less than depreciation	15	3
Group Relief	(156)	(471)
Other timing differences	-	82
	1,168	1,171
	1,168	1,171

The directors are not aware of any factors, other than those described above, that will have a significant effect on the future tax charge.

Notes (continued)

10 Dividends

	Year ended 30 November 2002 £000	11 months ended 30 November 2001 £000
Ordinary equity shares:		
Dividend declared – 57.1 pence per share (2001: nil)	15,000	-

11 Tangible fixed assets

	Leasehold Improvements £000	Plant and equipment £000	Total £000
Cost			
At beginning of year	199	1,243	1,442
Additions	43	779	822
Disposals	-	(35)	(35)
	242	1,987	2,229
Depreciation			
At beginning of year	87	433	520
Charge for year	17	191	208
On disposals	-	(19)	(19)
	104	605	709
Net book value at 30 November 2002	138	1,382	1,520
Net book value at 30 November 2001	112	810	922

12 Investments

	30 November 2002 £000	30 November 2001 £000
Cost at 30 November 2002	29	29

Notes (continued)

13 Stocks

	30 November 2002 £000	30 November 2001 £000
Raw materials and consumables	568	496
Work in progress	127	92
Finished goods and foods for resale	5,540	4,688
	6,235	5,276
	6,235	5,276

14 Debtors

	30 November 2002 £000	30 November 2001 £000
Trade debtors	6,910	6,778
Amounts owed by parent undertaking and fellow group undertakings	16,263	20,972
Prepayments and accrued income	5,436	3,570
Other debtors	303	237
	28,912	31,557
	28,912	31,557

Notes (continued)

15 Creditors: amounts falling due within one year

	30 November 2002 £000	30 November 2001 £000
Bank loans and overdrafts	819	-
Trade creditors	331	370
Amounts owed to parent undertaking and fellow group undertakings	18,069	3,266
Accruals and deferred income	2,042	2,232
Other creditors including tax and social security	905	762
	<u>22,166</u>	<u>6,630</u>

16 Provisions for liabilities and charges

	Deferred Tax £000	Stock Options £000	Total £000
At beginning of year (as restated per FRS 19)	486	2,638	3,124
Charged during year	753	-	753
Utilised during year	-	(1,672)	(1,672)
	<u>1,239</u>	<u>966</u>	<u>2,205</u>

The Company has agreed with its ultimate parent company for options over shares in that company to be granted to its employees in exchange for certain payments following exercise. At the balance sheet date 257,220 share options had been granted to the employees of the Company under this scheme which had yet to be exercised. Provision has been made for the cost to the Company should all these options have been exercised at the balance sheet date.

17 Deferred tax

	30 November 2002 £000	30 November 2001 (as restated) £000
Fixed assets	117	102
UK pension credit	1,384	646
Other timing differences	(262)	(262)
	<u>1,239</u>	<u>486</u>

Notes (continued)

18 Called up equity share capital

	Authorised		Allotted, called up and fully paid	
	2002 £000	2001 £000	2002 £000	2001 £000
6,350,000 Ordinary shares of 20p each	1,270	1,270	1,270	1,270
19,882,283 Non-voting 'A' Ordinary shares of 20p each	3,976	3,976	3,976	3,976
3,767,717 unclassified shares of 20p each	754	754	-	-
	6,000	6,000	5,246	5,246
	6,000	6,000	5,246	5,246

The Non-Voting 'A' Ordinary shares rank pari passu in all respects with the Ordinary shares except that holders of the former shares are not entitled to vote at general meetings and on any issue of shares (not being Preference shares) by way of capitalisation, are only entitled to receive further Non-Voting 'A' Ordinary shares.

The Unclassified shares may be issued by the Company in all or part either as Ordinary shares or as Non-voting 'A' Ordinary shares as it may so determine.

19 Reserves

	Share Premium Account £000	Profit and Loss Account £000
At beginning of year (as restated)	360	23,337
Retained loss for the year	-	(1,618)
Dividend declared	-	(15,000)
	360	6,719
At end of year	360	6,719

Notes (continued)

20 Commitments

Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2002	2001
	£000	£000
Committed	-	46
	<u> </u>	<u> </u>

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

	Land and	Other	Land and	Other
	Buildings		buildings	
	2002	2002	2001	2001
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	-	54	-	11
In the second to fifth years inclusive	-	-	-	38
Above five years	505	-	505	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	505	54	505	49
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Land and buildings lease commitments include a lease for office premises which were leased for a term of 128 years from 1 August 1971. The lease was subject to rent review on 26 February 1980 and every seven years thereafter. The next review is due on 26 February 2008.

Notes (continued)

21 Pension scheme

The Company operates a funded defined benefit pension scheme providing benefits based on final pensionable pay. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' expected working lives with the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The charge for the year was based on actuarial valuations prepared as at 5 April 2002. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions.

The key assumptions used in this valuation were:

- a rate of return on pre-retirement investments of 6.4% pa;
- a rate of return on post-retirement investments of 5.1% pa;
- a rate of increase in salaried of 4% pa;
- price inflation rate of 2.7% pa
- rate of increase in pensions payment of 5% pa.

This valuation showed that the market value of the scheme's assets was £98.7 million at 5 April 2002 and that this represented 84% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

Calculated in accordance with Minimum Funding Requirement (MFR) legislation, the scheme assets represent 94% of the benefits accrued. As the MFR funding level was between 90% and 100% at the valuation date, future contributions must be such that the MFR funding level increases to 100%. Following the formal valuation of the fund, the Company has agreed to continue to pay contributions at the rate of 16.9% of Pensionable Earnings plus £220,000 per month.

The pension charge for the year was £723,000 (2001:£232,000).

FRS 17, Retirement benefits

During the transitional period prior to its full implementation, FRS 17 requires additional disclosures relating to pension obligations. The information required to be disclosed is shown below and is based on the most recent actuarial valuation of the Company's plan, updated as appropriate by independent qualified actuaries and as required by FRS 17, in order to assess the liabilities of the plan as at 30 November 2002. Plan assets are stated at their market values at 30 November 2002.

The final assumptions used to calculate pension liabilities under FRS 17 were:

- Discount rate of 5.7%
- Inflation rate 2.4%
- Rate of pensions increases 5.0%
- Long term rate of return - Equities 7.6%
- Bonds 4.6%

Notes *(continued)*

21 Pension scheme *(continued)*

The assets of the Company's defined benefit pension plan, together with the estimated accounting deficit arising under FRS 17 calculation methodology are shown in the following table:

	£000
Equities	15,172
Bonds	82,806
Others	725
	98,703
Total fair value of assets	98,703
Present value of scheme liabilities	(108,355)
	(9,652)
Deficit in the scheme	(9,652)
Related deferred tax asset	2,896
	(6,756)
Net pension liability	(6,756)

Included in the balance sheet as at 30 November 2002 are net pension prepayments of £5,237,000.

If FRS 17 had been adopted in the financial statements, the following amounts would have been recognised in the performance statements for the year to 30 November 2002.

Profit and loss account	£000
Current service cost	201
	201
Total charged against operating profit	201
Amounts charged/(credited) to other finance charges:	
Expected return on pension scheme assets	(5,323)
Interest on pension scheme liabilities	5,992
	870
Total charge to the profit and loss account	870

Notes (continued)

21 Pension scheme (continued)

Statement of Total Recognised Gains and Losses (STRGL):

Actual return less expected return on pension scheme assets - £000	6,888
<i>As % of scheme assets</i>	<i>7%</i>
Experience (gain)/loss arising on the scheme liabilities - £000	360
<i>As % of present value of scheme liabilities</i>	<i>0%</i>
Changes in assumptions underlying the present value of the scheme liabilities - £000	1,074
	8,322
	8,322

Movement in deficit during the year £000

Deficit at beginning of year	3,237
Current service cost	201
Employer contributions	(2,777)
Other finance income	669
Actuarial loss recognised in STRGL	8,322
	9,652
	9,652

22 Related party disclosure

Wilkinson Sword Limited, a wholly owned subsidiary of Pfizer UK Group Limited, has taken advantage of the exemption provided in FRS 8 under which transactions or balances with entities forming part of a group (or investees of a group qualifying as related parties) do not require disclosure.

23 Ultimate parent company and parent undertaking of larger group of which the Company is a member

Wilkinson Sword Limited is part of the world-wide group of companies whose ultimate parent is Pfizer Inc., incorporated in the USA. Copies of the ultimate parent company's financial statements may be obtained from Pfizer Inc., 235 East 42nd Street, New York, NY100017 USA.

The immediate holding company is Pfizer UK Group Limited, which is incorporated in Great Britain and registered in England and Wales.

The smallest group in which the results of the Company are consolidated is C.P. Pharmaceuticals International C.V., Rotterdam.