

Company registration number: 29311

**DIRECTORS' REPORT AND ACCOUNTS FOR
THE YEAR ENDED 31 DECEMBER 2000 FOR
WILKINSON SWORD LIMITED**



WILKINSON SWORD LIMITED

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WILKINSON SWORD LIMITED

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

On 19 June 2000 Warner-Lambert Company merged with Pfizer Inc. and consequently from that date the ultimate parent undertaking of Wilkinson Sword Limited is Pfizer Inc.

PRESENTATION OF PROFIT AND LOSS ACCOUNT

Royalty income of £397,000 which would previously have been included within administrative expenses has been included within turnover. The directors believe that this presentation better reflects the nature of the Company's activities.

The 1999 comparatives have been restated on this basis, resulting in an increase in turnover of £558,000 and a corresponding increase in administrative expenses. Profit on ordinary activities before taxation is unaffected.

RESULTS AND DIVIDENDS

The profit after taxation for the year to 31 December 2000 was £1,144,000 (1999 –profit of £9,615,000) all of which has been transferred to reserves.

No dividends were paid or proposed during the year (1999: £Nil).

DIRECTORS AND DIRECTORS' INTERESTS

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

W J Cosgrove (resigned 31 July 2000)
S A Mellino (Italy) (resigned 31 December 2000)
M J Cummings (USA)
T V Howe (appointed 7 February 2000 and resigned 4 August 2000)
T G R Audley (appointed 1 August 2000)
K Fletcher (appointed 11 October 2000)

S R Griffin was appointed as a director on 19 March 2001 and resigned on 6 June 2001. D R Bainbridge was appointed as a director on 31 July 2001.

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

WILKINSON SWORD LIMITED

REPORT OF THE DIRECTORS (continued)

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. Active policies to 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.

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 the monthly magazine, Pfizer Voice, consultation through a variety of committees as well as regular departmental meetings and more formal committee meetings.

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 Warner-Lambert Colleagues' Share Ownership Plan (replaced by the Pfizer Share Ownership Plan from January 2001), through which shares in the ultimate parent undertaking may be purchased, encourages employees of the participating companies to take a direct interest in the performance of the world-wide group.

AUDITORS

During the year PricewaterhouseCoopers resigned as auditors and KPMG were appointed in their place. Pursuant to an elective resolution, KPMG will continue in office as auditors.

By order of the Board



T AUDLEY
Director

31 OCTOBER 2001

WILKINSON SWORD LIMITED

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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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United Kingdom

Report of the auditors to the members of Wilkinson Sword Limited

We have audited the financial statements on pages 5 to 18.

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. 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 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

31 October 2001

WILKINSON SWORD LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000**

| | | 2000 | Restated |
|---|-------------|--------------|-----------------|
| | Note | £'000 | 1999 |
| | | | £'000 |
| Turnover | 3 | 34,279 | 48,966 |
| Net operating costs | 4 | (35,162) | (44,541) |
| Operating (loss)/profit | | <u>(883)</u> | <u>4,425</u> |
| Reorganisation costs | 8/17 | (525) | 86 |
| Profit on sale of operation | 9 | - | 3,090 |
| Profit on disposal of fixed assets | | - | 2,002 |
| Net interest receivable | 10 | 1,527 | 566 |
| Profit on ordinary activities before taxation | 5 | <u>119</u> | <u>10,169</u> |
| Tax credit/(charge) on profit on ordinary activities | 11 | 1,025 | (554) |
| Profit for the financial year transferred to reserves | 19 | <u>1,144</u> | <u>9,615</u> |

The Company had no recognised gains or losses other than those disclosed in the profit and loss account.

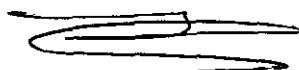
Turnover and operating profit are derived from continuing operations.

WILKINSON SWORD LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2000

| | Note | 2000 | | 1999 | |
|--|------|----------------|---------------|----------------|---------------|
| | | £'000 | £'000 | £'000 | £'000 |
| FIXED ASSETS | | | | | |
| Tangible assets | 12 | | 419 | | 378 |
| Investments | 13 | | 29 | | 29 |
| | | | <u>448</u> | | <u>407</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 14 | 3,330 | | 2,937 | |
| Debtors | 15 | 31,997 | | 12,367 | |
| Cash at bank and in hand | | 383 | | 22,162 | |
| | | <u>35,710</u> | | <u>37,466</u> | |
| CREDITORS (amounts falling due within one year) | 16 | <u>(3,925)</u> | | <u>(5,298)</u> | |
| NET CURRENT ASSETS | | | 31,785 | | 32,168 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>32,233</u> | | <u>32,575</u> |
| PROVISION FOR LIABILITIES AND CHARGES | 17 | | - | | (1,486) |
| | | | <u>32,233</u> | | <u>31,089</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up equity share capital | 18 | | 5,246 | | 5,246 |
| Share premium account | 19 | | 360 | | 360 |
| Profit and Loss account | 19 | | 26,627 | | 25,483 |
| EQUITY SHAREHOLDERS' FUNDS | | | <u>32,233</u> | | <u>31,089</u> |

These financial statements were approved by the board of directors on *31 OCTOBER 2001* and signed on its behalf by:



T. AUDLEY
Director

WILKINSON SWORD LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

| | 2000 | 1999 |
|---|--------------|---------------|
| | £'000 | £'000 |
| Reported profit on ordinary activities before taxation | 119 | 10,169 |
| Difference between the historical cost depreciation charge and the actual charge for the year calculated on the revalued amount | - | 1,099 |
| Historical cost profit on ordinary activities before taxation | <u>119</u> | <u>11,268</u> |
| Historical cost profit for the year retained after taxation and dividends | <u>1,144</u> | <u>10,714</u> |

MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

| | 2000 | 1999 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Profit for the financial year transferred to reserves | 1,144 | 9,615 |
| Opening equity shareholders' funds | 31,089 | 21,474 |
| Closing equity shareholder's funds | <u>32,233</u> | <u>31,089</u> |

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2000

1. ULTIMATE PARENT COMPANY

On 19 June 2000 Warner-Lambert Company merged with Pfizer Inc. and consequently from that date the ultimate parent and controlling undertaking of Wilkinson Sword Limited is Pfizer Inc., incorporated in the USA. Copies of the financial statements can be obtained from 235 East 42nd Street, New York.

The immediate parent undertaking is Warner Lambert (UK) Limited, the smallest company for which consolidated financial statements are prepared. Warner Lambert (UK) Limited is incorporated in England.

Wilkinson Sword Limited has taken advantage of the exemption provided in FRS8 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.

2. ACCOUNTING POLICIES

a) Basis of accounting

The accounts have been prepared under the historical cost convention in accordance with applicable accounting standards. In accordance with Financial Reporting Standard No. 1 (Revised) no cashflow has been prepared on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

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.

b) Turnover

Turnover comprises amounts invoiced to customers and fellow subsidiary understandings less returns, excluding value added tax and after deductions for trade discounts.

c) Foreign currencies

Assets and liabilities denominated in foreign currencies are converted into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences arising in the course of trading are converted at the rate of exchange ruling at that date and are included in the operating results.

d) Depreciation

Depreciation is provided on a straight line basis on all tangible assets except freehold land. The charge in the profit and loss account is calculated to write off the cost or valuation of tangible assets over the expected useful economic lives of the assets.

The lives assumed for the principal categories are:

| | |
|---------------------|---------------|
| Freehold Buildings | 20-50 Years |
| Leasehold Buildings | Life of Lease |
| Plant and Machinery | 3-20 Years |

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2000 (Continued)

2. ACCOUNTING POLICIES (continued)

e) Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

f) Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis and, in respect of work in progress and finished stocks, includes an appropriate proportion of overhead costs.

g) Research and development

Research and development expenditure is written off in the year in which it is incurred.

h) Pension costs

The expected cost of pensions in respect of the Company's defined benefit pension scheme is charged to the profit and loss account so as to spread the cost of pensions over the expected remaining service lives of current employees in the scheme. The pension cost is assessed in accordance with the advice of qualified actuaries.

i) Investments

Investments are stated at cost.

j) Employee share ownership plan

Employees of the company, subject to meeting the relevant criteria, are eligible to participate in the Warner Lambert Colleagues Share Ownership Plan (replaced by the Pfizer Share Ownership Plan from January 2001) involving shares in the Company's ultimate parent undertaking.

Payments by the Company in respect of options granted are recognised on exercise of the option by the employee and are included within administrative expenses.

k) Royalty Income

Royalty income has been included within turnover (previously in administrative costs). The 1999 comparatives have been restated accordingly.

WILKINSON SWORD LIMITED**NOTES TO THE ACCOUNTS— 31 DECEMBER 2000 (Continued)****3. TURNOVER**

| | 2000 | Restated |
|--------------------------|--------------|-----------------|
| | £'000 | 1999 |
| | | £'000 |
| Geographical markets: | | |
| United Kingdom | 28,653 | 31,477 |
| Rest of Europe | 3,920 | 15,579 |
| United States of America | - | 462 |
| Rest of the world | 1,706 | 1,448 |
| | <hr/> 34,279 | <hr/> 48,966 |
| Sales of products | 33,882 | 48,408 |
| Royalty income | 397 | 558 |
| | <hr/> 34,279 | <hr/> 48,966 |

4. NET OPERATING COSTS

| | 2000 | Restated |
|-------------------------|--------------|-----------------|
| | £'000 | 1999 |
| | | £'000 |
| Cost of Sales | 24,996 | 37,466 |
| Distribution costs | 986 | 1,297 |
| Administrative expenses | 9,108 | 5,574 |
| Research costs | 72 | 204 |
| | <hr/> 35,162 | <hr/> 44,541 |

Cost of sales includes the cost of production and marketing.

Included in Administrative expenses are costs of £75,000 relating to the merger with Pfizer Inc. Costs associated with share options exercised by employees were £4,173,000 (1999- £971,000).

WILKINSON SWORD LIMITED**NOTES TO THE ACCOUNTS- 31 DECEMBER 2000 (Continued)****5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

This is stated after charging:

| | 2000 | 1999 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Amortisation of intangible assets | - | 793 |
| Depreciation of tangible assets | 79 | 1,793 |
| Accelerated depreciation on buildings relating to the closure of the factory at Cramlington | - | 650 |
| Auditors' remuneration: | | |
| Audit fees | 40 | 39 |
| Hire of plant and machinery | 153 | 160 |
| Operating Leases | | |
| Land and buildings | 415 | 554 |
| Other | 233 | 225 |
| Pension costs | 686 | (364) |
| | <hr/> | <hr/> |

6. STAFF COSTS

| | 2000 | 1999 |
|-----------------------|--------------|--------------|
| | £'000 | £'000 |
| Wages and salaries | 4,452 | 6,634 |
| Social security costs | 304 | 532 |
| Other pension costs | 686 | 1,587 |
| | <hr/> | <hr/> |
| | 5,442 | 8,753 |
| | <hr/> | <hr/> |

The average number of employees during the year was:-

| | 2000 | 1999 |
|---------------|-------------|-------------|
| Manufacturing | 16 | 159 |
| Admin | 59 | 90 |
| R & D | - | 1 |
| | <hr/> | <hr/> |
| | 75 | 250 |
| | <hr/> | <hr/> |

WILKINSON SWORD LIMITED**NOTES TO THE ACCOUNTS – 31 DECEMBER 2000 (Continued)****7. DIRECTORS' REMUNERATION**

| | 2000 | 1999 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Aggregate emoluments including pension contributions | 270 | 149 |
| Payments under long term incentive schemes | <u>1</u> | <u>-</u> |
| Number of directors to whom retirement benefits accrue under a defined benefit scheme | 1 | 1 |
| Number of directors who exercised share options in the ultimate parent undertaking was | <u>3</u> | <u>1</u> |
| Highest paid director: | | |
| Aggregate emoluments excluding pension contributions | 251 | 127 |
| Accrued pension at the end of the year | 19 | 22 |

8. REORGANISATION COSTS

| | 2000 | 1999 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Cost of restructuring | 2,011 | 8,459 |
| Less: release of provision made in 1998 | <u>(1,486)</u> | <u>(8,545)</u> |
| | <u>525</u> | <u>(86)</u> |

The reorganisation costs represent the final closure costs of the production facility at Cramlington. During 2000 the provision was fully utilised. A further amount of £525,000 in excess of this provision was spent in the year.

9. PROFIT ON SALE OF OPERATION

| | 2000 | 1999 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Profit on sale of manufacturing business | <u>-</u> | <u>3,090</u> |

In December 1999, the company disposed its business comprising the manufacture of shavings products, including intellectual property rights, supply rights and goodwill related thereto to a fellow subsidiary undertaking for £1,139,000. In accordance with Financial Reporting Standard No 3 (Reporting Financial performance) a SSAP 24 pension adjustment of £1,951,000 has been made in relation to the sale of the operation.

WILKINSON SWORD LIMITED**NOTES TO THE ACCOUNTS – 31 DECEMBER 2000 (Continued)****10. NET INTEREST RECEIVABLE**

| | 2000 | 1999 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Loan interest receivable from fellow subsidiary undertaking | 1,303 | - |
| Bank interest receivable | 225 | 566 |
| Bank interest payable | (1) | - |
| | <hr/> | <hr/> |
| Net interest receivable | 1,527 | 566 |
| | <hr/> | <hr/> |

11. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2000 | 1999 |
|--|--------------|--------------|
| | £'000 | £'000 |
| The credit/(charge) for taxation based on the profit for the year comprises: | | |
| UK Corporation tax at 30% (1999 - 30.25%) | (6) | (554) |
| Adjustments in respect of prior years | 1,031 | - |
| | <hr/> | <hr/> |
| | 1,025 | (554) |
| | <hr/> | <hr/> |

WILKINSON SWORD LIMITED**NOTES TO THE ACCOUNTS – 31 DECEMBER 2000 (Continued)****12. TANGIBLE FIXED ASSETS**

| | Land and Buildings £'000 | Plant and Machinery £'000 | Total £'000 |
|------------------------|---|--|------------------------|
| Cost: | | | |
| As at 1 January 2000 | 151 | 3,205 | 3,356 |
| Additions | 77 | 58 | 135 |
| Disposals | - | (2,548) | (2,548) |
| As at 31 December 2000 | <u>228</u> | <u>715</u> | <u>943</u> |
| Depreciation: | | | |
| As at 1 January 2000 | 104 | 2,874 | 2,978 |
| Charge for the year | 10 | 69 | 79 |
| Relating to disposals | - | (2,533) | (2,533) |
| As at 31 December 2000 | <u>114</u> | <u>410</u> | <u>524</u> |
| Net book value: | | | |
| At 31 December 2000 | <u>114</u> | <u>305</u> | <u>419</u> |
| At 31 December 1999 | <u>47</u> | <u>331</u> | <u>378</u> |

13. INVESTMENTS

| | 2000 £'000 | 1999 £'000 |
|---|-----------------------|-----------------------|
| Cost at 1 January 2000 and 31 December 2000 | <u>29</u> | <u>29</u> |

The Company's investment represents a 1.03% shareholding in Wilkinson Sword SPA Italy, a company incorporated in Italy. The principal activity of that company is the distribution and marketing of shaving products.

The Company also holds 100% of the ordinary share capital of Wilkinson Sword (1999) Limited, a company which was incorporated in England and Wales on 8 December 1999. The company has been dormant since its formation.

WILKINSON SWORD LIMITED**NOTES TO THE ACCOUNTS – 31 DECEMBER 2000 (Continued)****14. STOCKS**

| | 2000 | 1999 |
|-------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Raw materials and consumables | 368 | 295 |
| Work in progress | 128 | 207 |
| Finished goods and goods for resale | 2,834 | 2,435 |
| | <u>3,330</u> | <u>2,937</u> |

15. DEBTORS

| | 2000 | 1999 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Trade debtors | 5,827 | 5,733 |
| Amounts owed by parent undertaking and fellow group undertakings | 20,754 | 3,886 |
| Prepayments and accrued income | 1,180 | 1,001 |
| Other debtors | 2,763 | 1,747 |
| Corporation tax recoverable | 1,473 | - |
| | <u>31,997</u> | <u>12,367</u> |

16. CREDITORS: Amounts falling due within one year

| | 2000 | 1999 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Trade creditors | - | 420 |
| Amounts owed to parent undertaking and fellow group undertakings | 1,249 | 45 |
| Corporation tax | - | 701 |
| Other taxation and social security | 96 | - |
| Accruals and deferred income | 1,419 | 1,051 |
| Other creditors | 1,161 | 3,081 |
| | <u>3,925</u> | <u>5,298</u> |

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2000 (Continued)

17. PROVISION FOR LIABILITIES AND CHARGES

| | Restructuring Costs £'000 |
|-----------------------------|--|
| Balance at 31 December 1999 | 1,486 |
| Amount utilised | (1,486) |
| Balance at 31 December 2000 | <u>-</u> |

The restructuring costs opening balance of £1,486,000 related to the closure of the site at Cramlington. At the end of 2000 the closure of Cramlington was complete and all amounts payable had been expensed and paid.

The full net potential deferred tax asset, none of which has been recognised in these financial statements, is set out below:

| | 2000 £'000 | 1999 £'000 |
|---|-----------------------|-----------------------|
| Difference between accumulated depreciation and amortisation and capital allowances | 97 | 107 |
| Other timing differences | (344) | (380) |
| Reorganisation costs | - | (446) |
| | <u>(247)</u> | <u>(719)</u> |

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2000 (Continued)

18. CALLED UP EQUITY SHARE CAPITAL

| | Authorised | | Allotted issued And fully paid | |
|---|--------------|--------------|-----------------------------------|--------------|
| | 2000 | 1999 | 2000 | 1999 |
| | £'000 | £'000 | £'000 | £'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 | - | - |
| | <u>6,000</u> | <u>6,000</u> | <u>5,246</u> | <u>5,246</u> |

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 |
|-----------------------------|--------------------------------------|--|
| Balance at 1 January 2000 | 360 | 25,483 |
| Profit for the year | - | 1,144 |
| Balance at 31 December 2000 | <u>360</u> | <u>26,627</u> |

20. LEASING COMMITMENTS

Obligations under operating leases committed to be paid during the following year analysed between the years in which the leases expire are as follows:-

| | Land & Buildings | | Other | |
|----------------------------|------------------|------------|-----------|-----------|
| | 2000 | 1999 | 2000 | 1999 |
| | £'000 | £'000 | £'000 | £'000 |
| Within one year | - | - | 48 | 5 |
| Between one and five years | - | - | - | 17 |
| Over five years | 418 | 430 | - | - |
| | <u>418</u> | <u>430</u> | <u>48</u> | <u>22</u> |

WILKINSON SWORD LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 2000 (Continued)

21. PENSION COSTS

The company operates a funded defined benefit pension scheme which is open to all qualifying employees with assets held in separate Trustee-administered funds.

The cost of the benefits provided under the Wilkinson Pension Fund ('the Fund') is spread over employees' working lives with the Company and is charged to the profit and loss account. The pension cost relating to the Fund is assessed in accordance with the advice of an independent qualified actuary using the attained age method.

The latest triennial actuarial valuation of the Fund had an effective date of 6 April 1999. The market value of the Fund's assets at that date was £109 million representing 91% of the Funds accrued liabilities after allowing for future expected increases in earnings.

It was assumed that pre retirement investment returns would be 6% pa and post retirement investment returns would be 4.7% pa, salary increases would be 4% pa, price inflation would be 2.7% pa and pension increases would be 5% pa.

The closure of the company's operation in Cramlington has resulted in a one-off reduction to the SSAP 24 charge of £1.9 million. In May 2000 the Company paid a special contribution to the Fund of £2.5 million and agreed a level of Company contributions aimed at restoring the ongoing deficit in the fund over the future working life time of the active members.

22. STOCK OPTIONS

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. As at 31 December 2000, 66,332 share options granted to the employees of the company under this scheme were available for immediate exercise. The cost to the company should all these options have been exercised at the balance sheet date would have been £2,761,000.