

## Consolidated Profit and Loss Account

For the six months ended 30 June 1999	Notes	Continuing Operations			Total \$m
		Exceptional Items \$m	Exceptional Items \$m	Discontinued Operations \$m	
<b>Sales</b>	7	9,043	-	615	9,658
Cost of sales		(2,768)	(10)	(380)	(3,158)
Distribution costs		(167)	-	(29)	(196)
Research and development		(1,312)	(5)	(43)	(1,360)
Selling, general and administrative expenses		(2,778)	(127)	(94)	(2,999)
Other income		85	-	2	87
<b>Group operating profit</b>	7	2,103	(142)	71	2,032
Share of joint ventures' and associates' operating profits	3	22	-	1	23
Profits less losses on sale and closure of operations	4	-	-	237	237
Merger costs	4	-	(917)	-	(917)
Net interest		(33)	-	-	(33)
<b>Profit on ordinary activities before taxation</b>		2,092	(1,059)	309	1,342
Taxation		(624)	238	(122)	(508)
<b>Profit on ordinary activities after taxation</b>		1,468	(821)	187	834
Attributable to minorities		(2)	-	-	(2)
<b>Net profit for the period</b>		1,466	(821)	187	832
Dividends to Shareholders		(408)	-	-	(408)
<b>Profit retained for the period</b>		1,058	(821)	187	424
Earnings per Ordinary Share before exceptional items		\$0.83	-	\$0.02	\$0.85
Earnings per Ordinary Share		\$0.83	\$(0.46)	\$0.10	\$0.47
Diluted earnings per Ordinary Share		\$0.83	\$(0.46)	\$0.10	\$0.47
Weighted average number of Ordinary Shares in issue (millions)					1,776
Diluted average number of Ordinary Shares in issue (millions)					1,780

The interim financial statements on pages 8 to 21 were approved by the Board on 2 August 1999.

## Pro Forma\* Consolidated Profit and Loss Account

For the six months ended 30 June 1998	Continuing Operations			Total \$m
	Before Exceptional Items \$m	Exceptional Items \$m	Discontinued Operations \$m	
<b>Sales</b>	8,096	-	672	8,768
Cost of sales	(2,512)	-	(419)	(2,931)
Distribution costs	(166)	-	(33)	(199)
Research and development	(1,191)	-	(41)	(1,232)
Selling, general and administrative expenses	(2,377)	-	(103)	(2,480)
Other income	88	-	2	90
<b>Group operating profit</b>	1,938	-	78	2,016
Share of joint ventures' and associates' operating profits	23	-	2	25
Profits less losses on sale and closure of operations	-	-	(46)	(46)
Net interest	(27)	-	-	(27)
<b>Profit on ordinary activities before taxation</b>	1,934	-	34	1,968
Taxation	(601)	-	(16)	(617)
<b>Profit on ordinary activities after taxation</b>	1,333	-	18	1,351
Attributable to minorities	3	-	-	3
<b>Net profit for the period</b>	1,336	-	18	1,354
Dividends to Shareholders	(220)	-	-	(220)
<b>Profit retained for the period</b>	1,116	-	18	1,134
Earnings per Ordinary Share before exceptional items	\$0.75	-	\$0.03	\$0.78
Earnings per Ordinary Share	\$0.75	-	\$0.01	\$0.76
Diluted earnings per Ordinary Share	\$0.75	-	\$0.01	\$0.76
Weighted average number of Ordinary Shares in issue (millions)				1,778
Diluted average number of Ordinary Shares in issue (millions)				1,782

\* See Basis of Pro Forma Figures described in Note 2.

## Consolidated Profit and Loss Account

For the six months ended 30 June 1998	Notes	Continuing Operations			Total \$m
		Before Exceptional Items \$m	Exceptional Items \$m	Discontinued Operations \$m	
<b>Sales</b>	7	6,381	-	672	7,053
Cost of sales		(1,861)	-	(419)	(2,280)
Distribution costs		(158)	-	(33)	(191)
Research and development		(1,113)	-	(41)	(1,154)
Selling, general and administrative expenses		(1,879)	-	(103)	(1,982)
Other income		88	-	2	90
<b>Group operating profit</b>	7	1,458	-	78	1,536
Share of joint ventures' and associates' operating profits	3	559	-	2	561
Profits less losses on sale and closure of operations	4	-	-	(46)	(46)
Net interest		38	-	-	38
<b>Profit on ordinary activities before taxation</b>		2,055	-	34	2,089
Taxation		(636)	-	(16)	(652)
<b>Profit on ordinary activities after taxation</b>		1,419	-	18	1,437
Attributable to minorities		3	-	-	3
<b>Net profit for the period</b>		1,422	-	18	1,440
Dividends to Shareholders		(220)	-	-	(220)
<b>Profit retained for the period</b>		1,202	-	18	1,220
Earnings per Ordinary Share before exceptional items		\$0.80	-	\$0.03	\$0.83
Earnings per Ordinary Share		\$0.80	-	\$0.01	\$0.81
Diluted earnings per Ordinary Share		\$0.80	-	\$0.01	\$0.81
Weighted average number of Ordinary Shares in issue (millions)					1,778
Diluted average number of Ordinary Shares in issue (millions)					1,782

## Consolidated Balance Sheet

Notes	30 June 1999 \$m	31 Dec 1998 \$m
<b>Fixed assets</b>		
Tangible fixed assets	5,689	6,281
Goodwill and intangible assets	3,959	2,440
Fixed asset investments	225	353
	<u>9,873</u>	<u>9,074</u>
<b>Current assets</b>		
Stocks	1,906	2,029
Debtors	4,587	3,963
Cash and short-term investments	3,264	3,412
	<u>9,757</u>	<u>9,404</u>
<b>Total assets</b>	<u>19,630</u>	<u>18,478</u>
<b>Creditors due within one year</b>		
Short-term borrowings and current instalments of loans	6	(678)
Other creditors		(5,273)
		<u>(5,952)</u>
<b>Net current assets</b>	<u>3,805</u>	<u>3,754</u>
<b>Total assets less current liabilities</b>	<u>13,678</u>	<u>12,828</u>
<b>Creditors due after more than one year</b>		
Loans	6	(749)
Other creditors		(509)
Provisions for liabilities and charges		(1,224)
		<u>(2,482)</u>
<b>Net assets</b>	<u>11,196</u>	<u>10,982</u>
<b>Capital and reserves</b>		
Shareholders' funds - equity interests	5	11,145
Minority equity interests		51
<b>Shareholders' funds and minority interests</b>	<u>11,196</u>	<u>10,982</u>

## Statement of Total Recognised Gains and Losses

For the six months ended 30 June	1999 \$m	1998 \$m
Net profit for the period	832	1,440
Exchange adjustments on net assets	(491)	(3)
Translation differences on foreign currency borrowings	(5)	7
Tax on translation differences on foreign currency borrowings	-	(2)
Other movements	(6)	2
<b>Total recognised gains and losses relating to the period</b>	<u>330</u>	<u>1,444</u>

## Consolidated Cash Flow Statement

<b>For the six months ended 30 June</b>	<b>1999</b>	<b>1998</b>
	<b>\$m</b>	<b>\$m</b>
<b>Cash flow from operating activities</b>		
Operating profit before exceptional items	2,174	1,536
Depreciation	378	311
Amortisation	142	57
Increase in working capital	(853)	(762)
Other non-cash movements	136	(50)
<b>Net cash inflow from operating activities before exceptional items</b>	<b>1,977</b>	<b>1,092</b>
Outflow related to exceptional items	(997)	(41)
<b>Net cash inflow from operating activities</b>	<b>980</b>	<b>1,051</b>
<b>Dividends received from joint ventures and associates</b>	<b>3</b>	<b>262</b>
<b>Returns on investments and servicing of finance</b>	<b>(49)</b>	<b>56</b>
<b>Tax paid</b>	<b>(550)</b>	<b>(280)</b>
<b>Capital expenditure and financial investment</b>		
Net cash expenditure on fixed assets	(1,830)	(713)
New fixed asset investments	-	(18)
	(1,830)	(731)
<b>Acquisitions and disposals</b>	<b>1,945</b>	<b>(400)</b>
<b>Equity dividends paid to Shareholders</b>	<b>(800)</b>	<b>(772)</b>
<b>Net cash outflow before management of liquid resources and financing</b>	<b>(301)</b>	<b>(814)</b>
<b>Management of liquid resources</b>		
Movement in short-term investments and fixed deposits (net)	(1,011)	428
<b>Financing</b>	<b>324</b>	<b>234</b>
<b>Decrease in cash in the period</b>	<b>(988)</b>	<b>(152)</b>
<b>Exceptional and Merger related cash flows included above:</b>	<b>\$m</b>	
Merger and integration expenditure		
Merck 'Trigger Event' payment	(713)	
Other merger and integration costs	(284)	
Outflow related to exceptional items	(997)	
'First Option' payment to Merck (included in 'Net cash expenditure on fixed assets')	(967)	
Proceeds from the disposal of Specialties business (included in 'Acquisitions and disposals')	1,937	
	(27)	

# Independent Review Report to AstraZeneca PLC by KPMG Audit Plc and Deloitte & Touche

## Introduction

We have been instructed by the company to review the financial information set out on pages 8 to 21, and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

## Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The Listing Rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

## Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

## Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 1999.

KPMG Audit Plc  
Chartered Accountants  
London

Deloitte & Touche  
Chartered Accountants  
London

2 August 1999

2 August 1999