

Seven Seas Limited

**Directors' report and financial
statements**

**Registered number 351663
31 December 2005**

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Company information

Directors

C Zanetti	resigned 28 March 2006
P Andrews	appointed 1 January 2006
RH Correll	
M Douglas	
TG Hardman	
G Manson	resigned 31 October 2005
F Michel	appointed 1 January 2006
T Morrison	resigned 30 April 2006
A Shaw	appointed 28 March 2006
TM Simpson	
C Chambers	appointed 20 September 2005

Secretary

N G Fraser

Auditors

KPMG LLP
1 The Embankment
Neville Street
LEEDS
LS1 4DW

Bankers

National Westminster Bank plc
186 Brompton Road
SW3 1XJ

Barclays Bank plc
Howard Centre
Welwyn Garden City
AL8 6ER

Registered office

Hedon Road
Marfleet
Hull
HU9 5NJ

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activities and Business review

The directors are satisfied with the results for the year.

It is anticipated that the company will continue to concentrate its activity, for the foreseeable future, on the manufacture and marketing of vitamin supplements and healthcare products for both human and animal consumption.

Results and dividends

The turnover and profits of the company are set out on page 7. A dividend of £3,500,000 has been declared during the year (2004: £3,000,000).

Directors and directors' interests

The directors of the company are those stated on page 1.

In accordance with the articles of association, the directors are not required to retire by rotation and offer themselves for re-election.

No director had any interests in the shares or debentures of the company or any other subsidiary undertaking of Merck KGaA as at 1 January 2004 and 31 December 2005.

The disclosable interests of the directors in the share capital of the ultimate parent undertaking Merck KGaA, according to the register kept by the company for the purposes of the Companies Act 1985 are shown below:

Ordinary shares:

	31 December 2005 Number	1 January 2005 Number
M Douglas	18	18

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year..

Directors' report *(continued)*

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Employment policies

Non-discrimination

It is the policy of the company that employees at all levels shall not discriminate against others, or be discriminated against, on the grounds of colour, race, religion, sex or ethnic origin. This policy applies to all conditions of employment, recruitment and other aspects of work.

Disabled people

The company seeks to abide by the Department of Employment's voluntary code of practice on the employment of disabled people. This requires giving full and fair consideration to disabled people when applying for jobs, and in offering disabled employees training, career development and promotion opportunities. We believe that if a positive attitude to the employment of disabled people is adopted, then many of the problems commonly considered to be associated with the employment of disabled people can be overcome.

The company continues to operate well-established employee consultation arrangements. We remain firmly convinced that progress is most readily achieved by basing employees' involvement on their participation at the workplace, in the office, depot or factory. Management input to existing arrangements continues to be given high priority.

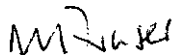
Supplier Payment Policy

It is the policy of the company to pay according to the terms agreed with suppliers wherever possible. Where not possible payment will usually be within 90 days of delivery, subject to any specific contracts agreed or any dispute.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



N G Fraser
Secretary

1 March 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.



1 The Embankment
Neville Street
Leeds
LS1 4DW

Independent auditors' report to the members of Seven Seas Limited

We have audited the financial statements of Seven Seas Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, Reconciliation of Movements in Shareholders' Funds, Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

As described in the Statement of Directors' Responsibilities on page 5, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with *International Standards on Auditing (UK and Ireland)* 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 judgments 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.

Independent auditors' report to the members of Seven Seas Limited (continued)

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
KPMG LLP
Chartered Accountants
Registered Auditor

8 MARCH 2007

Profit and loss account
for the year ended 31 December 2005

	<i>Note</i>	2005 £000	2004 (restated) £000
Turnover	2	69,893	66,402
Operating costs	3	(59,547)	(58,526)
Operating profit		<u>10,349</u>	<u>7,876</u>
Interest receivable	7	407	273
Interest payable	5	(1,678)	(510)
Profit on ordinary activities before taxation		<u>9,078</u>	<u>7,639</u>
Tax on profit on ordinary activities	6	(2,626)	(2,214)
Retained profit for the year		<u><u>6,452</u></u>	<u><u>5,425</u></u>

The above operations all relate to continuing activities.

The reported profit on ordinary activities before taxation in both the current and the previous financial year was the historical cost profit.

Balance sheet
at 31 December 2005

	<i>Note</i>	2005	2004 (restated)
		£000	£000
Fixed assets			
Intangible assets	8	26,825	-
Tangible assets	9	7,046	6,932
Investments	10	3,659	3,659
		<u>37,530</u>	<u>10,591</u>
Current assets			
Stocks	11	13,854	12,875
Debtors	12	15,073	14,263
Cash at bank and in hand		9,128	4,241
		<u>38,055</u>	<u>31,379</u>
Creditors: amounts falling due within one year	13	<u>(51,799)</u>	<u>(21,056)</u>
Net current (liabilities)/assets		<u>(13,744)</u>	<u>10,323</u>
Total assets less current liabilities and net assets excluding pension liability		23,786	20,914
Net pension liability		<u>(4,960)</u>	<u>(4,870)</u>
Net assets		<u>18,826</u>	<u>16,044</u>
Capital and reserves			
Share capital	15	50	50
Profit and loss account	16	18,776	15,994
Shareholders' funds		<u>18,826</u>	<u>16,044</u>

These financial statements were approved by the board of directors on 1 March 2007 and were signed on its behalf by:



Chris Chambers
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2005

	2005	2004
	£000	(restated) £000
Profit for the financial year	6,452	5,425
Actuarial loss recognised in pension scheme	(170)	(920)
Dividend paid	(3,500)	(3,000)
Net increase to shareholder's funds	2,782	1,505
Opening shareholders' funds (originally £17,832,000 before deducting prior year adjustment of £1,788,000)	16,044	14,539
Closing shareholder's funds	18,826	16,044

Statement of total recognised gains and losses
for the year ended 31 December 2005

	Note	2005	2004
		£000	(restated) £000
Profit for the financial year		6,452	5,425
Actuarial loss recognised in pension scheme	16	(170)	(920)
Dividend paid	16	(3,500)	(3,000)
Total recognised gains and losses for the year		2,782	1,505
Prior year adjustment		(1,788)	
Total recognised gains since last annual report		994	

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.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- FRS17 'Retirement benefits';
- FRS 25 the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'. The adoption of the presentational requirements of FRS 25 had no effect on the company's result and net position; and;
- FRS 28 'Corresponding amounts'.

Basis of accounting

The accounts of the company are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

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 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.

Valuation of stock

Stocks have been valued at cost or at estimated net realisable value if lower. Cost includes an appropriate proportion of attributable overheads based on normal levels of activity.

Depreciation

No depreciation is provided on freehold land; the cost less residual value of all other tangible assets is depreciated on a straight-line basis as follows:

Freehold and leasehold buildings	-	2% - 4%
Fixtures, fittings, tools and equipment	-	16.66% - 33%
Plant and machinery	-	10%-15%

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at exchange rates ruling at the year-end unless forward rates of exchange have been contracted, in which case the contracted rate is used.

All transactions of a trading nature are translated into sterling at the rates of exchange ruling at the date of the transaction.

Exchange gains or losses are included in profit on ordinary activities before taxation.

Pension costs

The company operates defined benefit pension schemes. Pension costs are accounted for in accordance with FRS17.

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods which benefit from the employees' services.

The transitional disclosures in accordance with FRS 17 have been given in note 19.

Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

Investments

Investments are stated at cost, less provisions in respect of any impairment.

Turnover

Turnover comprises the value of goods and services invoiced, excluding value added tax.

It is the opinion of the directors that the company operates in only one class of business.

2 Turnover

Analysis of turnover by geographical market supplied is not disclosed in these accounts because the directors consider that disclosure would be prejudicial to the business. Turnover is attributable to the principal continuing activity of the company.

Notes *(continued)*

3 Operating costs

	2005 £000	2004 £000
Decrease/(increase) in finished goods and work in progress	853	(1,752)
Raw materials and consumables	23,757	24,230
Staff costs (note 4)	12,874	12,363
Depreciation	1,198	1,268
Auditors' fees		
- audit services	52	35
- non audit services	27	21
Profit on sale of tangible fixed assets	(42)	(13)
Other operating charges	20,945	22,374
	<u>59,664</u>	<u>58,526</u>

Notes (continued)

4 Directors and employees

The average number of persons (including directors where appropriate) employed by the company was:

	2005	2004
Production	195	216
Sales and marketing	74	68
Distribution	39	39
Administration	84	76
	<u>392</u>	<u>399</u>

The aggregate payroll costs of these persons were as follows:

	2005 £000	2004 £000
Wages and salaries	10,139	10,049
Social security costs	772	710
Other pension costs	1,963	1,604
	<u>12,874</u>	<u>12,363</u>

	2005 £000	2004 £000
Directors' emoluments	1,160	1,303
Company contributions to money purchase pension schemes	81	90
	<u>1,241</u>	<u>1,393</u>

The aggregate of emoluments of the highest paid director was £235,347 (2004:£230,000), inclusive of company pension contributions of £27,787 (2004:£10,000). The highest paid director was a member of a defined benefit scheme under which the accrued pension to which he would be entitled from normal retirement date, if he were to retire at the year end, was £4,400 and his accrued lump sum was £10,000.

	Number of Directors	
	2005	2004
Retirement benefits are accruing to the following number of directors under :		
Money purchase schemes	3	4
Defined benefit schemes	9	9
	<u>-</u>	<u>4</u>

The number of directors who exercised share options was

Notes *(continued)*

5 Interest payable

	2005 £000	2004 £000
Interest payable on group finance	1,671	485
Other interest payable	7	25
	<u>1,678</u>	<u>510</u>

6 Taxation

<i>Analysis of charge in year</i>	2005 £000	2004 £000
<i>UK Corporation tax</i>		
Tax on profit for the year	2,877	2,479
Adjustment in respect of previous years	(216)	(92)
	<u>2,661</u>	<u>2,387</u>
Total current tax		
Deferred tax:		
Origination & reversal of timing differences (note 14)	(35)	(173)
	<u>2,626</u>	<u>2,214</u>
Tax on profit on ordinary activities		

Factors affecting tax charge for year

The current tax for the year is lower than the standard rate of corporation tax as explained below:

	2005 £000	2004 (restated) £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	9,078	7,639
	<u>9,078</u>	<u>7,639</u>
Tax at 30% on ordinary activities (2004: 30%)	2,723	2,292
<i>Effects of:</i>		
Expenses not deductible for tax purposes	11	97
Capital allowances in excess of depreciation	(52)	(12)
Other short term timing differences	219	177
Other timing differences	(24)	(75)
	<u>2,877</u>	<u>2,479</u>
Adjustments in respect of previous year	(216)	(92)
	<u>2,661</u>	<u>2,387</u>
Current tax charge (see above)		

Notes *(continued)*

7 Interest receivable

	2005 £000	2004 £000 (restated)
Interest on pension assets and liabilities	190	160
Other interest income	217	113
	407	273

8 Intangible assets

	Intellectual Property £000
<i>Cost</i>	
At beginning of year	-
Additions	29,000
Disposals	-
At 31 December 2005	29,000
<i>Amortisation</i>	
At beginning of year	-
Charge for the year	2,175
Disposals	-
At 31 December 2005	2,175
<i>Net book value</i>	
At 31 December 2005	26,825
At 31 December 2004	-

Notes (continued)

9 Tangible fixed assets

	Land and buildings		Plant and machinery	Fixtures, fittings tools and equipment	Total
	Short leasehold £000	Freehold £000	£000	£000	£000
Cost					
At beginning of year	413	2,793	14,038	4,052	21,296
Additions	-	95	808	439	1,342
Disposals	-	-	(31)	(650)	(681)
At 31 December 2005	413	2,888	14,815	3,841	21,957
Depreciation					
At beginning of year	144	1,216	9,701	3,303	14,364
Charge for the year	13	93	712	380	1,198
Disposals	-	-	(20)	(631)	(651)
At 31 December 2005	157	1,309	10,393	3,052	14,911
Net book value					
At 31 December 2005	256	1,579	4,422	789	7,046
At 31 December 2004	269	1,577	4,337	749	6,932

10 Investments

	31 December 2005 £000	31 December 2004 £000
Shares in subsidiary undertakings:		
Cost and carrying value at beginning and end of year	3,659	3,659

The company owns the whole of the ordinary share capital of the following:

British Cod Liver Oils Limited
Hofels Pure Foods Limited
Marfleet Refining Company Limited
New Era Laboratories Limited
Phillips Yeast Products Limited
Seven Seas (Ireland) Limited
Seven Seas Health Care Limited
Seven Seas Pension Trustees Limited
Vitrite Health Care Limited

With the exception of Phillips Yeast Products Limited, whose principal activity is the manufacture and marketing of healthcare products for animal consumption, these companies and their subsidiary undertakings did not trade during the year. All the companies are registered in England and Wales except Seven Seas (Ireland) Limited, which is incorporated in the Republic of Ireland.

The directors have assessed the carrying value of investments and consider the value appropriate.

Notes *(continued)*

11 Stocks

	2005 £000	2004 £000
Raw materials	4,080	2,248
Work in progress	4,786	4,320
Finished goods	4,988	6,307
	<u>13,854</u>	<u>12,875</u>

12 Debtors

	2005 £000	2004 £000
Trade debtors	13,385	11,820
Amounts owed by group companies	71	662
Other debtors	524	696
Prepayments and accrued income	229	256
Deferred taxation asset (see note 14)	864	829
	<u>15,073</u>	<u>14,263</u>

13 Creditors: amounts falling due within one year

	2005 £000	2004 £000 (restated)
Trade creditors	8,268	4,930
Amounts owed to fellow group undertakings	39,461	12,505
Corporation tax	2,325	1,343
Other taxation and social security	1,590	2,193
Accruals and deferred income	155	85
	<u>51,799</u>	<u>21,056</u>

Notes *(continued)*

14 Deferred taxation

	31 December	31 December
	2005	2004
	£000	£000
Deferred taxation asset	864	829

The movements in provisions during the year are detailed below:

	Deferred tax
	£000
Asset at beginning of year	829
Credit in the year	35
Provision at 31 December 2005	864

Deferred taxation is in respect of timing differences arising from:

	2005	2004
	£000	£000
Excess of capital allowances over depreciation	(559)	(519)
Short term timing differences	(65)	(113)
On pension deficit	1,488	1,461
	864	829

15 Called up share capital

	2005	2004
	£000	£000
<i>Authorised, allotted, called up and fully paid</i>		
50,000 deferred shares of £1 each	50	50
100 bearer shares of 1 pence each	-	-

The 50,000 deferred shares of £1 each do not carry any voting rights. Holders of the deferred shares are not entitled to any participation in the profits or assets of the company save upon winding up when they rank behind all other classes of shares.

The 100 bearer shares carry all the rights attaching to ordinary equity shares for both voting and participation in the profits and assets of the company.

Notes (continued)

16 Reserves

	Profit and loss account	
	2005 £000	2004 £000 (restated)
Profit for the year	6,452	5,425
Dividends paid	(3,500)	(3,000)
Actuarial loss recognised in pension scheme	(170)	(920)
Increase during the year	2,782	1,505
As at 1 January	15,994	14,489
As at 31 December	18,776	15,994

Dividends paid represent £35,000 (2004: £30,000) per share.

17 Capital commitments

	2005 £000	2004 £000
Expenditure contracted for	130	61

18 Contingent liabilities

The company has given an unconditional unsecured guarantee to National Westminster Bank plc in favour of two fellow subsidiaries companies, Merck Limited and Lipha Pharmaceuticals Limited. There were liabilities to the bank of £nil (Merck Limited) and £nil (Lipha Pharmaceuticals Limited) at 31 December 2005.

19 Pension scheme

The company operates two pension schemes providing benefits based on final pensionable pay to employees of Merck Group Companies. The assets of the scheme are held separately from those of the company in an independently administered fund.

The Company is unable to identify its share of the Merck Scheme's assets and liabilities on a consistent and reasonable basis, consequently, as permitted by FRS17 "Retirement Benefits" the Scheme has been accounted for by the Company as if it was a defined contribution scheme.

The Seven Seas scheme is accounted in accordance with FRS 17. A marginal element relates to employees of fellow group companies although this marginal cost is within the accounting records of Seven Seas Limited as the company is unable to identify this share.

Notes (continued)

19 Pension scheme (continued)

Merck pension scheme

Total pension costs for the year relating to the Merck scheme were £340,000 (2004: £112,000). There were no outstanding contributions at 31 December 2005 or 31 December 2004.

A full valuation of the Merck Pension Scheme was carried out for funding purposes as at 31 December 2004. It was updated in an approximate way to 31 December 2005 and the update was based on the following key assumptions:

Inflation	2.9%pa
Salary increases	3.9%pa
Pension increases	3.4%pa
Discount rate	4.8%pa

The update revealed a market value of assets of £109.4 million and a value of liabilities of £148.6 million. The revealed deficit of £39.2 million has no direct impact on the Company, but the Company contributions being paid reflect the £30.7 million deficit revealed by the funding valuation as at 31 December 2004.

Seven Seas Scheme

The Seven Seas scheme is a closed scheme. The last full actuarial valuation of the Seven Seas scheme was as at 31 March 2003. An actuarial report has been obtained to roll forward the valuation to 31 December 2005 in accordance with FRS 17, as detailed below.

The adoption of FRS 17 "Retirement Benefits" has required a change to the accounting treatment of pensions and the prior year figures have been restated as follows:

Balance sheet

	Deferred taxation £000	Pension liability £000	Profit and loss account £000
31 December 2004 as previously reported	(632)	(1,621)	17,782
Adoption of FRS 17	1,461	(3,249)	(1,788)
31 December 2004 restated	829	(4,870)	15,994

Profit and loss account

	Taxation £000	Operating costs £000	Interest income £000	Profit for the financial year £000
31 December 2004 as previously reported	(2,415)	(58,616)	113	4,974
Adoption of FRS 17	201	90	160	451
31 December 2004 restated	(2,214)	(58,526)	273	5,425

If FRS 17 had not been adopted in 2005, the profit before taxation would have increased to £9,158,000 and the profit after taxation would have increased to £6,505,000.

The most recent formal valuation was at 31 March 2003. This has been updated by the actuary on an FRS 17 basis as at 31 December 2003, 31 December 2004 and 31 December 2005.

Notes (continued)

19 Pension scheme (continued)

The major assumptions used in this valuation were:

	2005	2004	2003
Rate of increase in salaries	3.9%	3.9%	3.8%
Rate of increase in pensions in payment	2.9%	3.0%	2.9%
Discount rate applied to scheme liabilities	4.8%	5.3%	5.6%
Inflation assumption	2.9%	2.9%	2.8%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 2005 £m	Value at 2004 £m	Value at 2003 £m
Property	0.4	0.5	0.4
Equities	21.2	15.2	13.4
Bonds	2.0	1.0	1.8
Other – Cash	1.5	3.8	1.7
	25.1	20.5	17.3
Present value of scheme liabilities	(30.1)	(25.4)	(21.5)
Deficit in the scheme and net pension liability	(5.0)	(4.9)	(4.2)
Deferred tax	1.5	1.5	1.2
	(3.5)	(3.4)	(3.0)

	Long term rate of return 2005	Long term rate of return 2004	Long term rate of return 2003
Property	5.0%	5.3%	5.3%
Equities	8.0%	8.5%	8.8%
Bonds	4.0%	4.5%	4.5%
Other – Cash	4.5%	4.8%	4.8%

Notes (continued)

19 Pension scheme (continued)

Movement in deficit during the year

	2005 £m	2004 £m
Deficit in scheme at beginning of year	(4.9)	(4.2)
Current service cost	(1.1)	(1.1)
Contributions paid	1.0	1.4
Other finance cost	(0.1)	0.1
Actuarial (loss)/gain	0.2	(0.9)
Past service cost	(0.1)	(0.2)
	<u>(5.0)</u>	<u>(4.9)</u>

Analysis of pension costs charged in arriving at operating (loss)/profit

	2005 £m	2004 (restated) £m
Current service cost	(1.1)	(1.1)
Past service cost	(0.1)	(0.2)
	<u>(1.2)</u>	<u>(1.3)</u>

Analysis of amounts included in other finance costs

	2005 £m	2004 As restated £m
Expected return on pension scheme assets	1.6	1.4
Interest on pension scheme liabilities	(1.5)	(1.3)
	<u>0.1</u>	<u>0.1</u>

Analysis of accounts recognised in statement of total recognised gains and losses.

	2005 £m	2004 £m	2003 £m
Actual return less expected return on assets	2.6	0.8	1.4
Percentage of year end scheme assets	10%	4%	8%
Experience gains and losses on liabilities	-	-	(1.7)
Percentage of year end scheme liabilities	-	-	(8)%
Changes in assumptions	(0.2)	(0.9)%	(0.3)
Percentage of year end scheme liabilities	(1)%	(4)%	(1)%
	<u>2.4</u>	<u>(0.1)</u>	<u>(0.6)</u>

Notes *(continued)*

20 Related party disclosures

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the Merck KGaA group.

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

The ultimate parent undertaking is Merck KGaA, a company incorporated in Germany. The accounts of Merck KGaA are available from Frankfurter Strasse 250, D - 64293 Darmstadt, Germany.

On 28 February 2002 a group reconstruction resulted in a change in the company's immediate parent undertaking. Since that date, the immediate parent undertaking has been Merck Consumer Healthcare Limited, a company registered in England and Wales.