

## NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

## 5 RESERVES

	Share premium account \$m	Capital redemption reserve \$m	Other reserves \$m	Profit and loss account \$m	2007 Total \$m	2006 Total \$m
At beginning of year	1,671	71	1,841	15,480	19,063	23,778
Profit for the year	–	–	–	9,407	9,407	652
Dividends	–	–	–	(2,658)	(2,658)	(2,217)
Cash flow hedge in anticipation of debt issue	–	–	–	(21)	(21)	–
Share re-purchases	–	20	–	(4,170)	(4,150)	(4,129)
Share premiums	217	–	–	–	217	979
At end of year	1,888	91	1,841	18,038	21,858	19,063
Distributable reserves at end of year	–	–	1,841	13,978	15,819	6,063

As permitted by section 230 of the Companies Act 1985, the Company has not presented its profit and loss account.

At 31 December 2007 \$4,060m (31 December 2006 \$11,129m) of the profit and loss account reserve was not available for distribution. The majority of this non-distributable amount relates to profit arising on the sale of Astra AB to a subsidiary in 1999, which becomes distributable as the underlying receivable is settled. During 2007, \$7,069m (2006: \$5,738m) of the profit was realised by repayment. Subsequent to the year end, a further \$377m was repaid on 18 January 2008, resulting in additional distributable reserves not included in the figures above. Included in other reserves is a special reserve of \$157m, arising on the redenomination of share capital in 1999.

## 6 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007 \$m	2006 \$m
Shareholders' funds at beginning of year	19,446	24,173
Net profit for the financial year	9,407	652
Dividends	(2,658)	(2,217)
Cash flow hedge in anticipation of debt issue	(21)	–
Issues of AstraZeneca PLC Ordinary Shares	218	985
Re-purchase of AstraZeneca PLC Ordinary Shares	(4,170)	(4,147)
Net increase/(reduction) in shareholders' funds	2,776	(4,727)
<b>Shareholders' funds at end of year</b>	<b>22,222</b>	<b>19,446</b>

## 7 SHARE CAPITAL

	Authorised 2007 \$m	Allotted, called-up and fully paid 2007 \$m	2006 \$m
Issued Ordinary Shares (\$0.25 each)	364	364	383
Unissued Ordinary Shares (\$0.25 each)	236	–	–
Redeemable Preference Shares (£1 each – £50,000)	–	–	–
	<b>600</b>	<b>364</b>	<b>383</b>

The total authorised number of Ordinary Shares at 31 December 2007 was 2,400,000,000, of which 1,457,000,853 Ordinary Shares were in issue.

The Redeemable Preference Shares carry limited class voting rights and no dividend rights. This class of shares is capable of redemption at par at the option of the Company on the giving of seven days' written notice to the registered holder of the shares.

The movements in share capital during the year can be summarised as follows:

	No. of shares (million)	\$m
At 1 January 2007	1,532	383
Issues of shares	5	1
Re-purchase of shares	(80)	(20)
<b>At 31 December 2007</b>	<b>1,457</b>	<b>364</b>

## 7 SHARE CAPITAL CONTINUED

### Share re-purchases

During the year the Company re-purchased, and subsequently cancelled, 79,927,377 Ordinary Shares at an average price of 2593 pence per share. The total consideration, including expenses, was \$4,170m. The consideration has been charged against the profit and loss account reserve.

### Share schemes

A total of 4,682,622 Ordinary Shares were issued during the year in respect of share schemes. Details of movements in the number of Ordinary Shares under option are shown in Note 26 to the Group Financial Statements; details of options granted to Directors are shown in the Directors' Remuneration Report.

### Shares held by subsidiaries

No shares in the Company are held by subsidiaries.

## 8 COMMITMENTS AND CONTINGENT LIABILITIES

### *Crestor* (rosuvastatin)

From 2004 to present, AstraZeneca Pharmaceuticals LP and/or AstraZeneca LP in the US were served with 15 individual lawsuits in various US jurisdictions, alleging injury in association with the use of *Crestor*. 11 of the cases were dismissed in early stages, and another was dismissed after the Court granted AstraZeneca's motion for summary judgment in June 2007. These decisions were not appealed by the plaintiffs. AstraZeneca intends to vigorously defend the remaining cases, all of which are still in preliminary stages. In addition, a motion to institute a class action was filed in Quebec, Canada against AstraZeneca PLC and AstraZeneca Canada Inc. in which the petitioners alleged injury as a result of the use of *Crestor*. In March 2007, the Court granted the named plaintiff's request to discontinue this action.

AstraZeneca continues to have full confidence in and will vigorously defend and enforce its intellectual property protecting *Crestor*.

### *Exanta* (ximelagatran)

Four putative and essentially similar securities class actions were filed in the US against AstraZeneca PLC, Håkan Mogren (who currently serves as a Director of AstraZeneca PLC), Sir Tom McKillop, Jonathan Symonds and Percy Barnevik (who are former Directors of AstraZeneca PLC) between January and March 2005. These actions were subsequently consolidated into a single action pending in the US District Court for the Southern District of New York. The Consolidated Amended Complaint alleges that the defendants made materially false and misleading statements regarding *Exanta* clinical trials and the status of the *Exanta* New Drug Application in the US. The plaintiffs purport to assert claims on behalf of purchasers of AstraZeneca publicly traded securities during the period April 2003 to September 2004 under sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and SEC Rule 10b-5.

The defendants deny the allegations made in the lawsuit and will vigorously defend the action. In 2006 they filed a motion to dismiss the action, and that motion is pending before the Court.

### Anti-trust

AstraZeneca is part of a sectoral inquiry by the European Commission into the pharmaceutical industry and was the subject of an unannounced inspection in January 2008. The inquiry relates to the introduction of innovative and generic medicines and it will cover commercial practices, including the use of patents and generics. We understand that several companies have been similarly approached.

The Commission has stated that this inquiry is not aimed at investigating practices where there have been any indications of wrong-doing although it could address any competition law breaches found by means of separate proceedings. The Commission has also stated that it plans to issue an interim report in autumn 2008 and envisages that the final results of its inquiry will be available in spring 2009.

AstraZeneca is cooperating fully with the Commission in relation to its inquiry.

### Other

The Company has guaranteed the external borrowing of a subsidiary, in the amount of \$288m.

## 9 STATUTORY AND OTHER INFORMATION

There are no employees of the Company (2006 nil). The Directors of the Company were paid by another Group company in 2007 and 2006.