AstraZeneca PLC
Half Year Results 1999

'Strong sales and profits growth in Healthcare'

Financial Highlights

Continuing Operations (excluding Zeneca Specialties) before Exceptional Items

	Statutory Basis	Pro Forma Basis§			
	1st Half 1999 $m	**1st Half 1999 $m**	**1st Half 1998 $m**	**%**	**Constant Currency %**
Sales:					
Group	9,043	**9,043**	**8,096**	**+ 12**	**+ 12**
Healthcare	7,382	**7,382**	**6,360**	**+ 16**	**+ 16**
Operating Profit:					
Group	2,103	**2,091**	**1,938**	**+ 8**	**+ 9**
Healthcare	1,834	**1,822**	**1,610**	**+ 13**	**+ 13**
Profit before Tax	2,092	**2,059**	**1,934**	**+ 6**	**+ 7**
Earnings per Share	$0.83	**$0.81**	**$0.75**	**+ 8**	**n/a**

All narrative in this report refers to pro forma growth rates.

Tom McKillop, Chief Executive, said: "AstraZeneca has made an excellent start with strong sales and profit growth in healthcare. Integration is progressing well and we look forward to the future with great confidence."

- **Healthcare sales up 16 per cent; US Healthcare sales up 17 per cent**
- **Healthcare operating profit up 13 per cent**
- **Agrochemicals sales down 5 per cent**
- **Specialties sold for $2 billion (H1 99 operating profit: $71 million)**
- **First interim dividend of $0.23 per Ordinary Share (14.2 pence per share, SEK 1.89 per share)**
- **New dividend policy including planned share repurchase programme**

Group Statutory Basis (including Discontinued Operations and Exceptional Items)

	1st Half 1999 $m	1st Half 1998 $m	Reported %
Profit before Tax	1,342	2,089	- 36
Earnings per Share (FRS3)	$0.47	$0.81	- 42

§ Pro forma Basis: see basis of calculation description in Note 2.

n/a = not applicable

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Chief Executive Officer's Review of Operations

All narrative in this report refers to pro forma growth rates.

AstraZeneca was formed on 5 April 1999, the merger being completed in a record 80 working days. AstraZeneca is a leading force in world pharmaceuticals and aims to be 'First for Innovation and Value'.

This has been a period of great progress involving the integration of the companies, a fundamental review and restructuring of the Group, while at the same time maintaining business focus to deliver strong results and maximise the potential of the portfolio.

The key features of the results are strong sales and profits growth in Healthcare (16 per cent and 13 per cent respectively). This has been achieved through good performances from established products, strong growth from some newer products and valuable contributions from major markets. Outstanding sales of the new fungicide **Amistar** have been more than offset by the generally depressed agrochemicals market, particularly in North America.

Integration

Integration is proceeding quickly. Over 600 management appointments were made by 1 June 1999, when the Healthcare business began operating on a unified basis. The restructuring of the sales and marketing teams is already taking place and focus has been maintained on the underlying business during this period with sales up 16 per cent. The integration of sales and marketing will be substantially complete by the end of the year and should help to deliver the full potential of the product portfolio. An extensive review of Research and Development is underway and the progress with key projects in the portfolio will be presented at analyst conferences in London and New York on 6 and 8 December this year. Key decisions on site locations have been made. All synergy targets have been allocated and should deliver $1.1 billion in cost savings within three years of completion of the merger with around 10 per cent being realised in 1999. The charge for synergy and restructuring in the first half of 1999 amounted to $130 million. It is expected that a significant proportion of the total restructuring cost, currently estimated at $1.2 billion, will be charged by the end of the year.

Review & Restructuring of Group

The sale of Specialties was completed on 30 June 1999 for $2 billion. The disposal realised a pre-tax profit of $237 million and will generate net cash of approximately $1.5 billion. Specialties results for the first half of the year have been consolidated but reported separately as discontinued operations including the contract manufacture of textile colour intermediates for BASF which will cease in early 2000. Marlow Foods is now classified in Other Trading.

A full strategy review of the Salick Health Care business is being undertaken in light of the pressures on the profitability of the US healthcare service sector and the prospect of further tightening of regulations.

The Agrochemicals industry, particularly in North America, is currently facing very difficult market conditions created by the lowest commodity prices for over a decade. Although by industry standards our sales performance has been better than many, a programme to improve the quality of earnings and ensure the competitiveness of the Agrochemicals business is being accelerated in view of these poor trading conditions.

Financials

On a continuing operations and pre-exceptional basis, Group sales and operating profits increased by 12 per cent and eight per cent respectively (12 per cent and nine per cent at constant currency).

Healthcare sales were up 16 per cent (the same at constant currency) with growth achieved across nearly all products. Operating profits grew by 13 per cent (the same at constant currency).

Agrochemicals sales were down five per cent (the same at constant currency) due to significantly reduced demand in the Americas, partially offset by good growth in Western Europe and recovery in Asia Pacific. Operating profit declined by 16 per cent (10 per cent at constant currency).

The Group operating margin declined slightly from 23.9 per cent to 23.3 per cent due partly to product mix and higher manufacturing costs in Healthcare, and increased costs in Agrochemicals in respect of further biotechnology investment and additional manufacturing capacity for **Amistar** and **Touchdown**.

Earnings per Share increased by eight per cent to $0.81.

Dividend Policy including Share Repurchase Programme

Following changes in the tax treatment of dividends and the removal of tax costs on companies repurchasing their own shares, the AstraZeneca distribution policy will contain both a regular dividend cash flow and a share repurchase component to give the company more flexibility in managing its capital structure over time.

Dividends will be paid twice a year, with a greater proportion paid as a second interim, and will be re-based over time so that earnings will cover dividends by between two and three times. The dividend (in the absence of unforeseen circumstances) will be maintained at 70 cents per share until such time as it falls comfortably within this range. Thereafter, dividends are intended to be grown in line with earnings. Consistent with this policy a first interim dividend of $0.23 (14.2 pence, SEK1.89) will be paid in October.

The Group remains highly cash generative with operating cash flows amounting to $2 billion before merger costs. The net cash position amounted to $1.8 billion at 30 June 1999.

Cash resources will first be deployed in attractive investments to secure high quality long-term growth. On present cash flow projections and subject to unforeseen additional investment opportunities, at least $2 billion should be available for share repurchases.

Healthcare

All narrative in this section refers to pro forma growth rates at constant currency.

Sales grew by 16 per cent; operating profits were up 13 per cent.

Gastrointestinal

Sales of **Losec**/**Prilosec**, and the whole of the GI franchise, grew by 15 per cent. Prescription growth continues to be strong, with US share of the anti-secretory market increasing to 37 per cent. However, as expected, due to the high stocking of product in June 1998, reported growth in US **Prilosec** sales was slower, up 11 per cent, compared to the first half of 1998. The quarterly sales profile for 1999 is anticipated to be more evenly spread than last year and this should see good third quarter growth compared to 1998. In Europe **Losec** sales grew by 29 per cent with strong growth in France, the UK and Sweden. Sales also benefited from the return of marketing rights in Italy and Spain. The launch of generic products in April in Germany led to a flat first half sales performance. Litigation is ongoing against a number of generic products in the German market.

Cardiovascular

Sales of Cardiovascular products grew by 17 per cent. **Zestril** sales increased by 18 per cent due to strong growth in the USA where continued prescription growth resulted in the market share increasing to 23.7 per cent. The rate of growth was influenced by wholesaler purchasing which, together with the phasing of a major contract, may result in lower full year growth rates. Sales of **Seloken** were up 24 per cent due to strong growth in the USA where the product is the only beta blocker being actively promoted for hypertension. **Atacand** sales of $73 million resulted from good growth in several major markets. Since its launch in the USA last October, **Atacand** has gained over a four per cent share of the US AII market. Market share in Germany has reached 17 per cent.

Respiratory

Sales of Respiratory products grew by 11 per cent. In the USA strong demand for **Pulmicort** cannot be fully met owing to supply limitations. The situation is steadily improving, market share is growing (now approaching five per cent) and the longer term prospects are good. **Rhinocort** sales grew by 24 per cent helped by strong demand in the USA following a product recall in late 1998. **Oxis** has continued to increase its market share in all current markets with sales totalling $41 million. Increased competition in the USA and slow progress in some European markets resulted in flat sales for **Accolate**. However, the latest promotional and DTC campaigns in the USA have resulted in some pick-up of prescriptions.

Oncology

Sales of Oncology products grew by 14 per cent. **Casodex** sales grew by 44 per cent with continued growth in all markets boosted by strong uptake in France and the launch in Japan. **Zoladex** sales increased by nine per cent with strongest growth in Japan. The new indication for the treatment of early prostate cancer in combination with radiotherapy is expected to provide further beneficial product differentiation and potential for further sales growth. A total sales increase of eight per cent for **Nolvadex** was underpinned by double digit growth in the USA demonstrating the beneficial effect of new indications, including that for the reduction of risk of breast cancer in high risk women. Sales of **Arimidex** grew by nine per cent.

Specialist/Hospital

Sales of Specialist/Hospital products (including Pain and CNS portfolios) grew by 21 per cent. Strong growth in **Seroquel** sales to $95 million reflects increasing acceptance of the product's good tolerability profile, especially in the important USA market. **Zomig** sales were $86 million with particularly strong sales growth in the USA and France. In the US market prescriptions for triptans are trending upwards; total triptan market volume has increased by around 25 per cent over the last 12 months versus a flat position for the US migraine market as a whole. **Merrem** sales grew by 26 per cent. **Xylocaine** grew by seven per cent. **Diprivan** sales increased by two per cent. Strong growth in Japan due to the new indication for use in intensive care has been offset by a small decline in the USA compared to a very strong first half in 1998 but also influenced by the launch of a competitor formulation in April.

Astra Tech and Salick Health Care increased sales by 17 and 16 per cent respectively.

Geographic

Sales in the USA grew by 17 per cent with the comparative growth affected by the pattern of **Prilosec** sales in 1998 as highlighted above. Sales in Europe grew by 15 per cent with notably strong growth in France of 26 per cent. Sales in Japan grew by five per cent, ahead of market growth, benefiting from new launches and additional indications.

Research and Development

R & D expenditure totalled $1.16 billion. Increased resources are being applied to the late stage development of ZD4522 ("superstatin"), a new generation PPI and the thrombin programme. Progress with the R & D pipeline will be reported at analyst meetings on 6 and 8 December in London and New York. As a condition of merger approval 'Chirocaine' has been returned to Chiroscience. Two development collaborations have been terminated: the collaboration with CarboMed on ZD0101 (an antiangiogenic compound in solid tumours in Phase II development) and the collaboration with CytoTherapeutics on 'Actid' (a cell therapy primarily for cancer pain in Phase II development).

Operating Margin

Operating margin declined slightly from 25.3 per cent to 24.8 per cent partly as a result of product mix and higher manufacturing costs in anticipation of product sales' expansion. The slightly lower rate of spend in R & D at 16 per cent of sales was offset by higher promotional costs, particularly for **Nolvadex** in the USA. The relative rate of spend on R & D is expected to increase in the second half of the year.

Agrochemicals

All growth rates in this section are at constant currency and exclude the effects of acquisitions and disposals.

Sales decreased by five per cent; operating profit decreased by 10 per cent at constant exchange rates, and excluding the ISK integration costs charged in 1998, by 19 per cent.

Herbicides

Herbicide sales were down 12 per cent.

The impact of the sharp fall in commodity prices to historically low levels has been most marked in the important North American market. The associated reduction in incomes has led farmers to switch from premium to lower cost products. This movement particularly affected sales of selective herbicides - notably **Surpass** on corn, **Achieve** on cereals and **Flex** and **Fusilade** on soya - which fell by 19 per cent overall.

Non-selective herbicides were unchanged with increases in North America and Asia Pacific offset by a significant fall in Latin America due to reduced sales in Brazil following the economic crisis in early 1999. Sales of **Touchdown** continue to develop successfully with volume growth in excess of 20 per cent.

Insecticides

Insecticide sales decreased by 13 per cent largely due to a 61 per cent decline in the corn insecticide **Force** as North American growers reduced inputs in response to low corn prices. **Karate** sales were down two per cent.

Fungicides

Fungicide sales were up 16 per cent with **Amistar** increasing 38 per cent to $276 million. **Amistar**'s market penetration increased in all key markets with the product now registered in 49 countries on 55 crops; preliminary market data indicates that **Amistar** is now the world's leading fungicide. Sales of **Bravo** were down four per cent.

Geographic

European sales were up five per cent overall; strong growth in fungicides and increased market share in Western Europe was somewhat reduced by lower demand from Eastern Europe.

North American sales decreased 15 per cent with declines in selective herbicides and the insecticide, **Force**, only partially offset by growth in **Amistar** and **Touchdown**.

Latin American sales fell by 21 per cent, as a result of the combined impact of low commodity prices and depressed economic conditions in Mercosur.

Sales in Asia Pacific, Africa and Australasia were 14 per cent higher as operations in Asia Pacific capitalised on improved local conditions.

Research & Development

The business has continued to expand its investment in biotechnology research and is entering a new collaborative agreement in rice with Japan Tobacco (agreement completion is scheduled for October 1999).

Operating Margin

The operating margin reduced from 19.8 per cent to 18.8 per cent due to increased costs in respect of further biotechnology investment and increased operating costs on additional manufacturing capacity for **Amistar** and **Touchdown**.

Advanta

Depressed agricultural conditions led to a somewhat reduced contribution from Advanta.

Year 2000 Compliance Project

The Year 2000 Programme for AstraZeneca has moved into its final phase; 98 per cent of the projects to confirm compliance of IT and embedded systems have been completed and the outstanding projects are being closely managed to meet deadlines. Attention is now focused on continuity and contingency planning. Increased complexity has resulted from the merger and associated changes in systems but management is taking concerted action to ensure there is no loss of focus in achieving full Year 2000 compliance. The Year 2000 Programme is expected to cost AstraZeneca $166 million, excluding internal manpower cost allocations. Expenditure to date totals $136 million, including $23 million in the first half of 1999.

Exceptional Items

Exceptional charges in the first half of the year totalled $822 million (before taxation credits of $141 million).

Exceptional charges within operating profit comprise: $130 million of integration costs; $12 million for the programme, initiated in mid 1998, to rationalise Astra's US operations following the Astra Merck restructuring agreement.

The sale of Specialties realised a gain of $237 million before tax ($140 million after tax) after allowing for the write-off of goodwill ($406 million) previously charged to reserves, costs of separation from other AstraZeneca businesses and provisions for pension liabilities.

The R & D related payment to Merck of $713 million is included in merger costs. Merck has disputed the basis of calculation and claims the amount should be $822 million. The matter has gone to arbitration. Other merger costs of $204 million include the cost of withdrawing from the development of 'Chirocaine' (as requested by the competition authorities).

Taxation

The tax charge for the first half of 1999, on continuing operations before exceptional items, was $624 million, representing an effective tax rate of 30 per cent. Only limited tax relief is available on the exceptional items because of the element of goodwill within the charge.

Cash Flow

Net cash generated from operations before exceptional items amounted to $2.0 billion in the first half of 1999 after absorbing a seasonal build up of working capital in the Agrochemicals business. Capital expenditure of $0.9 billion included a $180 million stage payment to Schering Plough, relating to the Losec marketing rights in Italy and Spain, and investment in the expansion of tabletting, bulk drug, Turbuhaler capacity, and research facilities. After tax and dividends of $0.6 billion and $0.8 billion respectively, the net cash outflow for the first half year was $0.3 billion.

In the first half year, exceptional cash outflows associated with the merger, including $1.7 billion of payments to Merck and $0.3 billion of merger and integration costs, were matched by cash received from the sale of Specialties.

At 30 June cash and short term investments exceeded borrowings by $1.8 billion.

Dividends

A first interim dividend of $0.23 (14.2 pence, SEK1.89) will be paid on 25 October 1999 to all shareholders on the register on 10 September 1999.

Future Prospects

The strong business momentum achieved throughout the merger period is being maintained. This should result in good double digit growth in pro forma healthcare profits for the full year, based on continuing robust growth in sales. Research and development programmes are moving forward effectively and the progress with the development portfolio will be presented in December.

No significant improvement is anticipated in the trading conditions for Agrochemicals. The strategies of the non-pharmaceutical businesses are being reviewed and some restructuring is expected before the year end.

Tom McKillop
Chief Executive Officer

Consolidated Profit and Loss Account

For the six months ended 30 June 1999	Notes	Continuing Operations Before Exceptional Items $m	Continuing Operations Exceptional Items $m	Discontinued Operations $m	Total $m
Sales	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
Group operating profit	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)
Profit on ordinary activities before taxation		2,092	(1,059)	309	1,342
Taxation		(624)	238	(122)	(508)
Profit on ordinary activities after taxation		1,468	(821)	187	834
Attributable to minorities		(2)	-	-	(2)
Net profit for the period		1,466	(821)	187	832
Dividends to Shareholders		(408)	-	-	(408)
Profit retained for the period		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 Before Exceptional Items $m	Continuing Operations Exceptional Items $m	Discontinued Operations $m	Total $m
Sales	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
Group operating profit	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)
Profit on ordinary activities before taxation	1,934	-	34	1,968
Taxation	(601)	-	(16)	(617)
Profit on ordinary activities after taxation	1,333	-	18	1,351
Attributable to minorities	3	-	-	3
Net profit for the period	1,336	-	18	1,354
Dividends to Shareholders	(220)	-	-	(220)
Profit retained for the period	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 Before Exceptional Items $m	Continuing Operations Exceptional Items $m	Discontinued Operations $m	Total $m
Sales	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
Group operating profit	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
Profit on ordinary activities before taxation		2,055	-	34	2,089
Taxation		(636)	-	(16)	(652)
Profit on ordinary activities after taxation		1,419	-	18	1,437
Attributable to minorities		3	-	-	3
Net profit for the period		1,422	-	18	1,440
Dividends to Shareholders		(220)	-	-	(220)
Profit retained for the period		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
Fixed assets			
Tangible fixed assets		5,689	6,281
Goodwill and intangible assets		3,959	2,440
Fixed asset investments		225	353
		9,873	9,074
Current assets			
Stocks		1,906	2,029
Debtors		4,587	3,963
Cash and short-term investments	6	3,264	3,412
		9,757	9,404
Total assets		19,630	18,478
Creditors due within one year			
Short-term borrowings and current instalments of loans	6	(678)	(377)
Other creditors		(5,274)	(5,273)
		(5,952)	(5,650)
Net current assets		3,805	3,754
Total assets less current liabilities		13,678	12,828
Creditors due after more than one year			
Loans	6	(749)	(761)
Other creditors		(509)	(40)
Provisions for liabilities and charges		(1,224)	(1,045)
		(2,482)	(1,846)
Net assets		11,196	10,982
Capital and reserves			
Shareholders' funds - equity interests	5	11,145	10,929
Minority equity interests		51	53
Shareholders' funds and minority interests		11,196	10,982

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
Total recognised gains and losses relating to the period	330	1,444

Consolidated Cash Flow Statement

For the six months ended 30 June	1999 $m	1998 $m
Cash flow from operating activities		
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)
Net cash inflow from operating activities before exceptional items	1,977	1,092
Outflow related to exceptional items	(997)	(41)
Net cash inflow from operating activities	980	1,051
Dividends received from joint ventures and associates	3	262
Returns on investments and servicing of finance	(49)	56
Tax paid	(550)	(280)
Capital expenditure and financial investment		
Net cash expenditure on fixed assets	(1,830)	(713)
New fixed asset investments	-	(18)
	(1,830)	(731)
Acquisitions and disposals	1,945	(400)
Equity dividends paid to Shareholders	(800)	(772)
Net cash outflow before management of liquid resources and financing	(301)	(814)
Management of liquid resources		
Movement in short-term investments and fixed deposits (net)	(1,011)	428
Financing	324	234
Decrease in cash in the period	(988)	(152)

Exceptional and Merger related cash flows included above:	$m
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 Deloitte &
Touche
Chartered Accountants Chartered
Accountants
London
London

2 August 1999 2 August 1999

Notes to the Interim Financial Statements

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial statements have been prepared using the merger method of accounting in relation to the merger of Zeneca Group PLC and Astra AB which became effective on 5 April 1999. Under merger accounting, the results and cash flows of Zeneca Group PLC and Astra AB are combined from the beginning of the financial period in which the merger occurred and their assets and liabilities combined at the amounts at which they were previously recorded after adjusting to achieve consistency of accounting policies. Profit and loss account, balance sheet and cash flow comparatives are restated on the combined basis.

Following completion of the merger, as the US dollar is considered to be the most significant currency exposure, these and all subsequent financial statements will be presented in US dollars. Translations of key information into sterling and Swedish Kronor are provided on page 24. AstraZeneca PLC's share capital has been redenominated from sterling into US dollars.

The unaudited results for the six months ended 30 June 1999 have been prepared in accordance with UK generally accepted accounting principles. The accounting policies applied are those set out in AstraZeneca PLC's (formerly Zeneca Group PLC) 1998 Annual Report and Form 20-F except that during the period under review AstraZeneca adopted Financial Reporting Standard No. 12 "Provisions, Contingent Liabilities and Contingent Assets" (FRS 12). The adoption of FRS 12 had no impact on the Group's net assets at 1 January 1999.

The statements are unaudited but have been reviewed by the auditors and their report is set out above. The statements do not comprise the statutory accounts of the group. Statutory accounts for Zeneca Group PLC for the year ended 31 December 1998 have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under Section 237 of the Companies Act 1985.

2 BASIS OF PRO FORMA FIGURES

In addition to merging the historical results of Astra and Zeneca under UK GAAP, as required for statutory reporting, the unaudited pro forma profit and loss figures for 1998 and 1999 include two further adjustments to the statutory figures to illustrate the effect on the sales and profits as if the Astra Merck Restructuring and the merger related payments to Merck had occurred at the beginning of 1998 (rather than July 1998 and April 1999 respectively).

The pro forma figures incorporate sales of $1,715m for the first six months of 1998 related to the Astra Merck joint venture which are excluded from the statutory consolidation. Changes in the cost base which arise from the Astra Merck restructuring have also been back dated six months to 1 January 1998. The net effect of these pro forma adjustments is to reduce first half 1998 reported profits by $55m, before tax relief of $23m.

A pro forma amortisation cost of $12m per quarter has also been provided from 1 January 1998 to 5 April 1999, and notional interest cost of $21m per quarter on the payments due to Merck on completion of the Merger. These charges are offset by tax relief of $6m per quarter.

Further details on the basis of the pro forma adjustments are included in the Merger Document and AstraZeneca's Circular to Shareholders relating to the Merger, both dated 21 January 1999, and in AstraZeneca's Registration Statement on Form F-4 filed with the US Securities and Exchange Commission.

3 JOINT VENTURES AND ASSOCIATES

The Group's share of joint ventures' sales for the half year to 30 June 1999 amounted to $168m and $1,871m for the comparative period. Share of joint ventures' and associates' operating profits for the half year to 30 June 1999 amounted to $22m and $1m respectively, and for the comparative period $560m and $1m, respectively. Prior to 1 July 1998, the operations of Astra Merck, Inc. were accounted for as a joint venture.

4 EXCEPTIONAL ITEMS

	1st Half 1999 $m	1st Half 1998 $m	
Integration and synergy costs	(130)	-	
Astra Pharmaceuticals L.P. restructuring costs	(12)	-	
Exceptional items included in operating profits	(142)	-	
Gain on disposal of Specialties business (after charging $406m of goodwill previously written off to reserves)		237	-
Loss on closure of organophosphate intermediates business	-	(46)	
Profit less losses on sale and closure of operations	237	(46)	
Merck 'Trigger Event' payment	(713)	-	
Other merger costs	(204)	-	
Merger costs	(917)	**-**	
Total exceptional items before taxation	(822)	(46)	
Net taxation credit	141	12	
	(681)	(34)	

5 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30 June 1999 $m	30 June 1998 $m
Shareholders' funds at beginning of period	10,929	9,552
Net profit for the period	832	1,440
Dividends	(408)	(220)
	424	1,220
Issue of AstraZeneca PLC Ordinary Shares	11	6
Foreign currency adjustments	(496)	2
Goodwill realised	420	-
Minority interest buy out	(137)	-
Other movements	(6)	2
Net addition to Shareholders' funds	216	1,230
Shareholders' funds at end of period	11,145	10,782

6 NET CASH FUNDS

The table below provides an analysis of net cash funds and a reconciliation of net cash flow to movement in net cash funds.

	At 31 Dec 1998 $m	Cash flow $m	Acquisitions and disposals $m	Exchange movements $m	At 30 June 1999 $m
Loans due after 1 year	(761)	(4)	-	16	(749)
Current instalments of loans	(30)	1	-	2	(27)
Finance leases	(20)	4	12	1	(3)
Total loans and lease finance	(811)	1	12	19	(779)
Short-term investments	274	1,011	-	(36)	1,249
Cash	3,138	(983)	-	(140)	2,015
Overdrafts	(240)	(5)	-	13	(232)
Short-term borrowings, excluding overdrafts	(107)	(311)	-	(1)	(419)
	3,065	(288)	-	(164)	2,613
Net cash funds	2,254	(287)	12	(145)	1,834
Issue of shares		(11)			
Issue of shares by subsidiaries to minorities		(3)			
Net cash outflow before management of liquid resources and financing		(301)			

7 SEGMENT ANALYSIS

	1st Quarter 1999 $m	1st Quarter 1998 $m	2nd Quarter 1999 $m	2nd Quarter 1998 $m	1st Half 1999 $m	1st Half 1998 $m
Geographical analysis of sales by customer location						
United Kingdom	246	214	282	258	528	472
Continental Europe	1,500	1,253	1,410	1,258	2,910	2,511
The Americas	2,146	1,160	2,528	1,425	4,674	2,585
Asia, Africa and Australasia	422	375	509	438	931	813
Continuing Operations	4,314	3,002	4,729	3,379	9,043	6,381
Sales by class of business						
Healthcare	3,630	2,297	3,752	2,348	7,382	4,645
Pharmaceuticals	3,570	2,246	3,694	2,297	7,264	4,543
Salick Health Care	60	51	58	51	118	102
Agrochemicals	663	684	949	1,009	1,612	1,693
Other trading	21	21	28	22	49	43
Continuing operations	4,314	3,002	4,729	3,379	9,043	6,381
Operating profit/(loss) before exceptional items						
Healthcare	880	600	954	530	1,834	1,130
Pharmaceuticals	883	600	955	533	1,838	1,133
Salick Health Care	(3)	-	(1)	(3)	(4)	(3)
Agrochemicals	71	83	212	253	283	336
Other trading	(3)	(8)	(11)	-	(14)	(8)
Continuing operations	948	675	1,155	783	2,103	1,458
Operating profit/(loss) before exceptional items as a percentage of sales	%	%	%	%	%	%
Healthcare	24.2	26.1	25.4	22.6	24.8	24.3
Pharmaceuticals	24.7	26.7	25.9	23.2	25.3	24.9
Salick Health Care	(5.0)	-	(1.7)	(5.9)	(3.4)	(2.9)
Agrochemicals	10.7	12.1	22.3	25.1	17.6	19.8
Continuing operations	22.0	22.5	24.4	23.2	23.3	22.8

8 PRODUCTS AND TERRITORIAL SEGMENT SALES ANALYSIS

Pharmaceuticals	1st Half 1999 $m	1st Half 1998 $m	Pro Forma % Growth	Pro Forma % Growth Constant Currency
Product Analysis				
Gastrointestinal:				
Losec	2,848	834	+15	+15
Others	24	21	+14	+14
Total Gastrointestinal	2,872	855	+15	+15
Cardiovascular:				
Zestril	602	511	+18	+18
Tenormin	247	245	+1	+1
Seloken	257	205	+25	+24
Plendil	216	122	+11	+10
Imdur	59	55	+7	+7
Ramace	35	31	+13	+13
Atacand	73	12	n/m*	n/m
Others	181	161	+7	+6
Total Cardiovascular	1,670	1,342	+17	+17
Respiratory:				
Pulmicort	370	338	+9	+9
Accolate	74	74	-	-
Rhinocort	99	80	+24	+24
Bricanyl	73	78	-6	-6
Oxis	41	17	n/m	n/m
Others	29	29	-	+3
Total Respiratory	686	616	+11	+11
Oncology:				
Zoladex	331	301	+10	+9
Nolvadex	287	264	+9	+8
Casodex	166	116	+43	+44
Arimidex	63	58	+9	+9
Tomudex	12	8	+50	+50
Total Oncology	859	747	+15	+14
Specialist/Hospital:				
Diprivan	327	323	+1	+2
Xylocaine	128	116	+10	+7
Marcaine	42	40	+5	+5
Naropin	22	13	+69	+69
Zomig	86	32	n/m	n/m
Seroquel	95	19	n/m	n/m
Merrem	77	65	+18	+26
Other Products	345	327	+6	+7
Astra Tech	55	48	+15	+17
Total Specialist/Hospital	1,177	983	+20	+21
Total Pharmaceuticals	7,264	4,543	+16	+16

* n/m = not meaningful

8 PRODUCTS AND TERRITORIAL SEGMENT SALES ANALYSIS (CONTINUED)

Pharmaceuticals	**1st Half 1999 $m**	**1st Half 1998 $m**	**Pro Forma % Growth**	**Pro Forma % Growth Constant Currency**
Territorial Analysis				
US	3,470	1,240	+17	+17
Japan	304	261	+16	+5
France	423	334	+27	+26
Germany	449	417	+8	+7
Italy	317	255	+24	+23
Sweden	184	178	+3	+7
UK	392	366	+7	+9
Rest of World	1,725	1,492	+16	+18
	7,264	4,543	+16	+16

Pro Forma % growth has been calculated as if the Astra Merck restructuring had occurred on 1 January 1998. Constant currency % growth has been calculated excluding the effects arising from exchange rate movements.

Agrochemicals	**1st Half 1999 $m**	**1st Half 1998 $m**	**% Growth**	**% Growth Constant Currency**
Product Analysis				
Herbicides:				
Non-Selective	369	369	-	-
Selective	490	606	-19	-19
Total Herbicides	859	975	-12	-12
Insecticides	230	263	-13	-13
Fungicides	475	405	+17	+16
Others	48	50	-4	-8
Total Agrochemicals	1,612	1,693	-5	-5
Territorial Analysis				
North America	576	679	-15	-15
Latin America	165	209	-21	-21
Europe	633	600	+6	+5
Asia, Africa, Australasia	238	205	+16	+14
	1,612	1,693	-5	-5

Constant currency % growth has been calculated excluding the effects arising from exchange rate movements.

8 PRODUCTS AND TERRITORIAL SEGMENT SALES ANALYSIS (CONTINUED)

Pharmaceuticals	1st Quarter 1999 $m	1st Quarter 1998 $m	Pro Forma % Growth Constant Currency	2nd Quarter 1999 $m	2nd Quarter 1998 $m	Pro Forma % Growth Constant Currency
Product Analysis						
Gastrointestinal:						
Losec	1,414	404	+24	1,434	430	+9
Others	12	11	+9	12	10	+20
Total Gastrointestinal	1,426	415	+24	1,446	440	+9
Cardiovascular:						
Zestril	301	255	+17	301	256	+19
Tenormin	124	121	-	123	124	+1
Seloken	112	91	+21	145	114	+27
Plendil	108	59	+14	108	63	+6
Imdur	32	27	+19	27	28	-4
Ramace	18	15	+13	17	16	+12
Atacand	32	5	n/m	41	7	n/m
Others	88	79	+8	93	82	+5
Total Cardiovascular	815	652	+16	855	690	+17
Respiratory:						
Pulmicort	190	173	+8	180	165	+11
Accolate	28	33	-15	46	41	+12
Rhinocort	43	32	+31	56	48	+19
Bricanyl	38	37	-	35	41	-13
Oxis	20	7	n/m	21	10	n/m
Others	17	16	+6	12	13	-
Total Respiratory	336	298	+11	350	318	+12
Oncology:						
Zoladex	165	150	+9	166	151	+10
Nolvadex	143	136	+4	144	128	+11
Casodex	91	66	+38	75	50	+52
Arimidex	27	35	-23	36	23	+57
Tomudex	7	3	+100	5	5	+20
Total Oncology	433	390	+10	426	357	+19
Specialist/Hospital:						
Diprivan	149	170	-13	178	153	+17
Xylocaine	61	56	+5	67	60	+10
Marcaine	20	19	+5	22	21	+5
Naropin	10	6	+67	12	7	+71
Zomig	39	12	n/m	47	20	n/m
Seroquel	47	7	n/m	48	12	n/m
Merrem	38	33	+18	39	32	+35
Other Products	169	164	+5	176	163	+8
Astra Tech	27	24	+9	28	24	+25
Total Specialist/Hospital	560	491	+14	617	492	+27
Total Pharmaceuticals	3,570	2,246	+17	3,694	2,297	+15

n/m = not meaningful

8 PRODUCTS AND TERRITORIAL SEGMENT SALES ANALYSIS (CONTINUED)

Pharmaceuticals	**1st Quarter 1999 $m**	**1st Quarter 1998 $m**	**Pro Forma % Growth Constant Currency**	**2nd Quarter 1999 $m**	**2nd Quarter 1998 $m**	**Pro Forma % Growth Constant Currency**
Territorial Analysis						
US	1,679	649	+18	1,791	591	+16
Japan	127	111	+5	177	150	+6
France	211	160	+26	212	174	+25
Germany	249	208	+15	200	209	-2
Italy	160	126	+21	157	129	+25
Sweden	98	92	+9	86	86	+6
UK	193	174	+12	199	192	+7
Rest of World	853	726	+18	872	766	+17
	3,570	2,246	+17	3,694	2,297	+15

Pro Forma constant currency % growth has been calculated as if the Astra Merck restructuring had occurred on 1 January 1998 and excluding the effects arising from exchange rate movements.

Agrochemicals	**1st Quarter 1999 $m**	**1st Quarter 1998 $m**	**% Growth Constant Currency**	**2nd Quarter 1999 $m**	**2nd Quarter 1998 $m**	**% Growth Constant Currency**
Product Analysis						
Herbicides:						
Non-Selective	146	155	-8	223	214	+5
Selective	193	223	-13	297	383	-21
Total Herbicides	339	378	-11	520	597	-12
Insecticides	100	103	-4	130	160	-19
Fungicides	203	170	+15	272	235	+17
Others	21	33	-36	27	17	+47
Total Agrochemicals	663	684	-5	949	1,009	-6
Territorial Analysis						
North America	171	199	-13	405	480	-16
Latin America	63	93	-32	102	116	-12
Europe	311	293	+3	322	307	+7
Asia, Africa, Australasia	118	99	+18	120	106	+10
	663	684	-5	949	1,009	-6

Constant currency % growth has been calculated excluding the effects arising from exchange rate movements.

9 CONSOLIDATED PROFIT & LOSS ACCOUNT FOR CONTINUING OPERATIONS BEFORE EXCEPTIONAL ITEMS

	First Quarter		Second Quarter	
	1999 $m	**1998 $m**	**1999 $m**	**1998 $m**
Sales	4,314	3,002	4,729	3,379
Cost of sales	(1,316)	(860)	(1,452)	(1,001)
Distribution costs	(86)	(78)	(81)	(80)
Research and development	(636)	(516)	(676)	(597)
Selling, general and administrative expenses	(1,368)	(925)	(1,410)	(954)
Other income	40	52	45	36
Group operating profit	948	675	1,155	783
Share of joint ventures' and associates' operating profits	19	254	3	305
Net interest	4	26	(37)	12
Profit on ordinary activities before taxation	971	955	1,121	1,100
Taxation	(293)	(284)	(331)	(352)
Profit on ordinary activities after taxation	678	671	790	748
Attributable to minorities	-	5	(2)	(2)
Net profit for the period	678	676	788	746
Earnings per Ordinary Share	$0.39	$0.38	$0.44	$0.42
Diluted earnings per Ordinary Share	$0.39	$0.38	$0.44	$0.42
Weighted average number of Ordinary Shares in issue (millions)	1,776	1,778	1,776	1,778
Diluted average number of Ordinary Shares in issue (millions)	1,780	1,782	1,780	1,782

Information for US Investors

RECONCILIATION TO UNITED STATES ACCOUNTING PRINCIPLES

The Group profit and loss account and Group balance sheet set out on pages 8, 10 and 11 are prepared in accordance with generally accepted accounting principles in the United Kingdom (UK GAAP) which differ in certain material respects from those generally accepted in the United States (US GAAP). For the purposes of US GAAP, the merger has been regarded as a purchase accounting acquisition of Astra by Zeneca. Under purchase accounting, the cost of the investment is calculated at the market value of the shares issued together with other incidental costs and the assets and liabilities of the acquired entity are recorded at fair value. As a result of the fair value exercise, increases in the values of Astra's tangible fixed assets and inventory were recognised and values attributed to their in-process research and development, existing products and assembled work force, together with appropriate deferred taxation effects. The difference between the cost of investment and the fair value of the assets and liabilities of Astra has been recorded as goodwill. The in-process research and development and inventory step up have been taken as a one off charge to net income, together with additional amortisation and depreciation arising as a result of the fair value exercise. Pre-acquisition results of Astra are deducted from net income. Other differences as they apply to AstraZeneca PLC (formerly Zeneca Group PLC) are explained in the Group's 1998 Annual Report and Form 20-F. The approximate effects on Group income and shareholders' equity of the GAAP differences are shown below.

Income attributable to Shareholders	**1st Half 1999 $m**	**1st Half 1998 $m**
Net income for the period under UK GAAP	832	1,440
Pre-acquisition results of Astra	(413)	(732)
Previously presented Zeneca Group PLC income		708
Adjustments to conform to US GAAP		
Purchase accounting adjustments,		
(including goodwill and intangibles):		
- deemed acquisition of Astra		
- in-process research and development	(3,315)	-
- inventory step-up	(826)	-
- amortisation and other acquisition adjustments	(299)	-
- others	(42)	(48)
Divestment of Specialties business	253	-
Capitalisation, less disposals and amortisation		
of interest	-	2
Deferred taxation	388	-
Pension expense	(64)	(28)
Post-retirement benefits/plan amendment	2	2
Unrealised losses on foreign exchange	2	-
Net income/(loss) in accordance with US GAAP	(3,482)	636
Net income/(loss) from continuing operations	(3,898)	632
Net income from discontinued operations	23	4
Gain on disposal of Specialties business	393	-
Net income/(loss) per Ordinary Share under US GAAP (basic)	$(1.96)	$0.67
Net income/(loss) per Ordinary Share under US GAAP (diluted)	$(1.96)	$0.67

Net income from continuing operations in accordance with US GAAP is depressed by one off charges of $3,315m to write off acquired in process research and development and $826m ($485m after tax relief of $341m) for the step up in inventory values at acquisition.

RECONCILIATION TO UNITED STATES ACCOUNTING PRINCIPLES (CONTINUED)

Shareholders' equity	**30 June 1999 $m**	**31 Dec 1998 $m**
Shareholders' equity under UK GAAP	11,145	10,929
Assets of Astra before acquisition		(6,757)
Previously presented Zeneca Group PLC Shareholders' equity		4,172
Adjustments to conform to US GAAP		
Purchase accounting adjustments,		
(including goodwill and intangibles):		
- deemed acquisition of Astra		
- goodwill	14,347	-
- tangible and intangible fixed assets	11,833	-
- others	865	1,157
Capitalisation, less disposals and amortisation		
of interest	146	181
Deferred taxation		
- on fair value of Astra	(3,358)	-
- others	(371)	(111)
Dividend	408	442
Pension expense	(271)	(241)
Post-retirement benefits/plan amendment	(33)	(42)
Others	60	-
Shareholders' equity in accordance with US GAAP	34,771	5,558

Translation of key financial information

For the six months ended 30 June	1999 $m	1998 $m	1999 £m	1998 £m	1999 SEKm	1998 SEKm
Total Sales	9,658	7,053	6,132	4,478	81,629	59,612
Continuing operations	9,043	6,381	5,741	4,051	76,341	53,932
Pharmaceuticals	7,264	4,543	4,612	2,884	61,395	38,397
Operating profit before exceptional items (EI)	2,174	1,536	1,380	975	18,375	12,982
Continuing operations before EI	2,103	1,458	1,335	926	17,775	12,323
Pharmaceutical before EI	1,838	1,133	1,167	719	15,535	9,576
Profit before tax on continuing operations before EI	2,092	2,055	1,328	1,305	17,682	17,369
Net profit for the period	832	1,440	528	914	7,032	12,171
Basic earnings per Ordinary Share	$0.47	$0.81	29.8p	51.4p	SEK3.97	SEK6.85
Earnings per Ordinary Share before EI	$0.85	$0.83	54.0p	52.7p	SEK7.18	SEK7.02
Dividend per Ordinary Share	$0.23	$0.23	14.2p	14.0p	SEK1.89	SEK1.82
Net cash inflow from operating activities	980	1,051	622	667	8,283	8,883
Decrease in cash in the period	(988)	(152)	(627)	(97)	(8,351)	(1,285)
Shareholders' funds - equity 30 June 1999/31 December 1998	11,145	10,929	7,076	6,939	94,198	92,372

Sterling (£) and Swedish Kronor equivalents are shown for convenience and have been calculated using the current period end rates of $1=£0.6349 and $1=SEK8.4520, respectively. Dividend per Ordinary Share is shown as the actual amount payable using the rates at the date of declaration of the dividend.

Shareholder Information

ANNOUNCEMENTS AND MEETINGS

Announcement of third quarter and nine months results	3 November 1999
Preliminary announcement of full year results and announcement of second interim dividend	24 February 2000
Annual General Meeting	26 May 2000 (Provisional)

DIVIDENDS

The Board has declared a first interim dividend of 0.23 dollars, 14.2 pence, 1.89 SEK per Ordinary Share in respect of the year 1999 using a conversion rate of US dollars to pounds sterling of 1 : 0.6194 and US dollars to Swedish Kronor of 1 : 8.2044.

In 1998 Zeneca Group PLC declared a first interim dividend of 14 pence per Ordinary Share (equivalent to 0.23 dollars, 1.82 SEK at the exchange rates on the day of declaration). Astra AB did not declare interim dividends.

Following the abolition of United Kingdom Advance Corporation Tax (ACT) with effect from 6 April 1999, private individuals or corporate shareholders owning less than 10% of the voting power of AstraZeneca resident in Sweden or the US will be entitled to a tax credit of one ninth of the dividend (10% of the gross dividend) although in practice the tax credit will be nullified by withholding tax. Each shareholder should consult their tax adviser for advice on the tax consequences of the dividend in their particular situation.

The record date for the first interim dividend payable on 25 October 1999 (in the UK, Sweden and the US) is 10 September 1999. Ordinary Shares will trade ex-dividend on the London Stock Exchange from 6 September 1999 and on the Stockholm Stock Exchange from 8 September 1999. ADSs will trade ex-dividend on the New York Stock Exchange from 8 September 1999.

Future dividends will normally be paid as follows:

First interim	Announced in early August and paid in late October.
Second interim	Announced in February and paid in late April.

TRADEMARKS

All product or brand names included in Note 8 of this Interim Statement and the following names are trademarks of, or licensed to, AstraZeneca PLC or its subsidiary companies:

Achieve Amistar Bravo Flex Force Fusilade Karate Prilosec Surpass Touchdown

For simplicity, sales are reported under the above lead brand names, whereas some compounds are sold under several brand names to address separate market niches.

ADDRESSES FOR CORRESPONDENCE

Registrar and Transfer Office	**Depositary for ADRs**	**Registered Office**	**Swedish Securities Register Centre**
The AstraZeneca Registrar Lloyds TSB Registrars The Causeway Worthing West Sussex BN99 6DA	Morgan Guaranty Trust Company of New York 60 Wall Street New York New York 10260	15 Stanhope Gate London W1Y 6LN	Vardepapperscentralen VPC AB Box 7822 S-103 97 Stockholm Sweden
Tel: (01903) 502 541	Tel: (212) 648 3208	Tel: (0171) 304 5000	Tel: (8) 402 9000

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

In order to utilise the "Safe Harbour" provisions of the United States Private Securities Litigation Reform Act of 1995, AstraZeneca is providing the following cautionary statement. This Interim Report contains certain forward-looking statements about AstraZeneca. We intend to identify the forward-looking statements in this Interim Report, by using the words "anticipates," "believes," "expects," "intends," and similar expressions in such statements. Although we believe our expectations are based on reasonable assumptions, our forward-looking statements are subject to numerous risks and uncertainties and factors that could cause actual outcomes and results to be materially different from those projected or implied. Important factors that could cause actual results to differ materially from those in our forward-looking statements, certain of which are beyond our control, include, among other things: risk of loss or expiration of patents or trademarks (in particular, the expiration in the near future of patents covering Losec and Zestril); the difficulty of integrating Zeneca's and Astra's large and complex businesses on a timely basis and realizing synergies; the risk that R&D will not yield new products that achieve commercial success; the impact of competition, price controls and price reductions; the difficulties of obtaining governmental regulatory approvals for new products; the risk of substantial product liability claims; exposure to fluctuations in exchange rates for foreign currencies; exposure to US environmental liabilities and the impact on the Agrochemicals business from the growing importance to agriculture of biotechnology and the use of genetically modified crops. No assurances can be given that any of the events anticipated by our forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on the results of operations and financial condition of AstraZeneca.