SSL is a world-class company, manufacturing and selling a comprehensive range of medical and consumer healthcare products in strategically defined core business areas designed to maximise shareholder value.

This report to shareholders marks the close of the first full year of the Group under the stewardship of our new management team. The year has, as expected, proved to be extremely challenging. We have responded to and corrected the management and reporting issues we inherited, including an SFO enquiry into these problems. We have strengthened the management in depth throughout the business, recruiting to supplement the development of our existing talent. We have also eliminated the excess stock held by our customers, with the consequential short-term impact on the Group's turnover.

The innovative launch of Biogel® Skinsense™ N has captured 29 per cent of the growing synthetic sector of the US market.

Investment in training and development, coupled with a new transparent culture across the Group, is helping to motivate employees and drive innovation.

SSL's leading head lice treatment, Full Marks, has recently won the UK's top OTC Marketing Award for most effective OTC marketing campaign.

£592m

Full year sales were in line with expectations whilst management have successfully eliminated trade loading. Underlying sales growth in core brands exceeded four per cent.

The underlying strengths of the business remain intact. We have a portfolio of powerful brands in the shape of Durex, Scholl, Regent and Hibi. We operate in sectors with strong growth and healthy margins, and we have experienced resilient trading throughout the year in a competitive marketplace.

At the interim announcement in November, we outlined our strategic objective of being consistently successful in delivering superior shareholder returns. Our job is to focus on building and acquiring strong healthcare brands and businesses, to drive innovation, and to motivate and develop our people to give us the platform with which to succeed.

Results

In May 2001, the Group announced that it would cease the practice of providing incentives for customers to purchase excess stock at the end of financial periods — a practice known as trade loading. I am very pleased to report that all excess stock created in this way has now gone from our customers' warehouses, leaving a clear base on which to build sales.

The consequence of this is that we report sales of £592 million and pre-exceptional operating profits of £54 million. After adjusting for the effects of eliminating trade loading and for acquisitions and disposals, we estimate that the underlying sales growth of our core consumer and medical businesses was a little over four per cent and that an underlying operating profit of £81 million was achieved on underlying sales of £629 million.

Dividend

Your Board is recommending that a final dividend of 8.4 pence per share be approved at the Annual General Meeting to be held on 16 July 2002. This will make a total dividend for the year of 12.3 pence per share, in line with the previous year. The dividend has been held this year to reflect the lower profits achieved during our elimination of trade loading. In future, we intend to continue our policy of maintaining progressive dividend growth, whilst at the same time retaining sufficient funds in our business to enable us to grow, both organically and by acquisition. The dividend will be paid on 1 August to shareholders who are on the register on 7 June 2002.

Group Development

As highlighted throughout this report, we have dedicated considerable resource into building the value of our core brands through increased advertising and promotional expenditure, and continued investment in research and development of new products.

We have disposed of a number of non-core brands in the year: the UK continence care business for £80 million and a number of over-the-counter pharmaceutical brands for £13.5 million.

We have also recognised the need to take radical action to reduce our operating costs in order to enable the Group to continue to invest in its future, while at the same time generating increasing returns for shareholders.

As a result of these initiatives, a number of loyal employees have left the business. I want to thank them for their service to SSL and wish them well for the future.

	£m 2002	£m 2001
Turnover	592.4	649.3
Operating Profit*	54.1	116.0
Profit before tax*	28.5	91.3
Basic earnings per share*	10.4p	36.3p
Dividend per share	12.3p	12.3p
Net debt	307.9	380.9

* Before exceptional items

£80m

In September 2001 the SSL continence care business was sold for £80 million, realising cash for the Group and allowing greater focus on SSL's remaining core businesses.

All excess stock has now been removed from our customers' warehouses, leaving a clear base on which to achieve our brand-building objectives

Directors

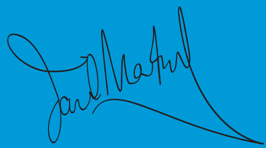
In March this year, we strengthened the Board with the appointment of Eric Anstee and Peter Read. Eric was previously Finance Director of Old Mutual plc, a major fund management group, and Peter spent his executive career in a variety of senior positions in the Hoechst Group of Companies. Peter is also a past President of the Association of British Pharmaceutical Industries.

Rod Sellers has announced that he will step down from the Board immediately following the AGM. Rod has been a Director since 1997, and has chaired the Audit Committee for much of his tenure. I would like to take this opportunity to thank Rod for his contributions, and to wish him well for the future. Eric Anstee has taken over as Chairman of the Audit Committee.

Outlook

Your Board is committed to the strategic objective of delivering superior shareholder returns and has a robust plan of action in train to secure this objective. The task of eliminating trade loading is complete and the disposal of non-core businesses is well advanced. The radical action necessary to reduce overhead costs has started. In addition, a review is in progress into our distribution and manufacturing operations, which will be concluded by the end of the year. As a result of the action to reduce overhead costs we expect our profit margins to grow to between 13 and 14 per cent of sales during the course of 2002. This is well ahead of 2001, but lower than we expect to achieve in the future as a result of growing sales and the actions that are under way now.

Ian Martin
Chairman



02	12.3
01	12.3
00	12.0
99	11.0
98	10.0
97	8.8

Dividend per share (pence)

02	13.3
01	38.9
00	33.7
99	29.8
98	29.5
97	27.8

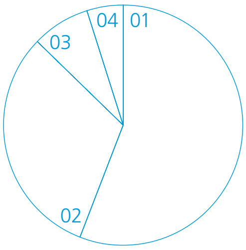
Adjusted earnings per share before exceptional items (pence)

The Scholl footwear ranges have been redesigned and Scholl Gelactiv shoes launched in a number of countries, contributing to the seven per cent growth in the footwear business achieved this year.

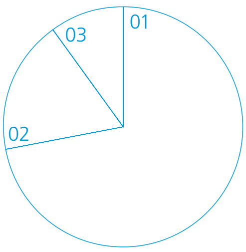
The highly successful MTV marketing campaign for Durex combined television advertising with sponsorship of dance music events, boosting market share among younger condom users.

This is SSL International

SSL International specialises in premium branded healthcare products for consumer, community and hospital use. Products are distributed all over the world via SSL operations in 35 countries.



Turnover by Business Area
01 Consumer Healthcare — 57%
02 Medical — 32%
03 Marigold — 8%
04 Other — 3%



Turnover by Geographical Area
01 Europe — 72%
02 Americas — 18%
03 Asia Pacific — 10%

Medical

The SSL Medical division is spearheaded by Regent Infection Control, the umbrella brand established during this year to consolidate the Regent Biogel surgical glove and the Hibi antiseptics businesses. This co-ordinated approach to infection control will allow SSL to strengthen relationships with hospital nurses, surgeons and major buying groups.

This year our leading synthetic surgical glove, Regent Biogel Skinsense N, was launched in a number of major markets. Manufactured from Neoprene to eliminate latex allergy concerns, this product has been extremely well received by users. We are planning the launch of another synthetic product, Skinsense N Universal, which allows users to wear two pairs of surgical gloves as additional barrier protection against disease.

In September 2001, we disposed of our continence care business for £80 million, following a review of our medical strategy. This will allow our medical team to focus on brands with international potential.

SSL Medical has established a new umbrella brand — Regent Infection Control — to exploit the synergies between Regent Biogel surgical gloves and Hibi antiseptic businesses.

Consumer healthcare

Our two largest brands, Durex and Scholl, are included in the consumer healthcare division, accounting for a combined 46 per cent of Group turnover in the year. Further details of developments in these brands are given in the Operating Review, including the launch of a number of new products and innovative advertising campaigns.

In March 2002, we disposed of 21 small UK over-the-counter pharmaceutical brands for £13.5 million. Although they contributed to the overall profitability of the consumer division, these brands added complexity in manufacturing and distribution, and we can now focus our efforts on building our core OTC portfolio, which includes such brands as Meltus, Full Marks, Cuprofen, Resolve and Remegel.

The Consumer Division's two largest brands — Durex and Scholl — are both market leaders, underpinned by continuing investment in marketing and new product development.

Marigold gloves

Within Marigold Gloves there are two distinct operations: Marigold Household gloves and Marigold Industrial gloves, the latter accounting for over 70 per cent of the total sales. With a marketing slogan of 'The Right Glove for the Job', Marigold Industrial provides a comprehensive portfolio of products to satisfy all its customers' requirements.

During the year Marigold Industrial entered into a new distribution agreement in the USA which it is anticipated will enable sales to grow faster, allowing the brand to realise its full potential in the world's largest industrial glove market.

Marigold Household gloves enjoy high brand recognition in the strongest markets of the United Kingdom and Italy.

A strategic review of the Marigold gloves business is assessing the division in the best interests of the Group as a whole.

Europe

This year, the UK and Eire and Continental Europe regions have been placed under the overall management of a combined European team, led by Andrew Slater, Managing Director, Europe. This division accounted for 72 per cent of Group sales for the year and comprises operations in 22 countries.

Americas

The Americas division is led by recently appointed Managing Director, Stuart Heap, based in Atlanta, USA. The divisional team manages operations in the USA, Canada and Mexico, in addition to the Silipos polymer gel business in the USA. Turnover accounted for 18 per cent of Group sales in the year, driven by SSL's largest surgical glove market.

Asia Pacific

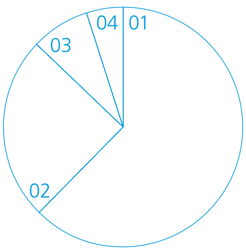
Led by Steve Eastwood, Managing Director, Asia Pacific, the Asia Pacific division managed to achieve strong sales growth despite Japan, one of its main markets, suffering from difficult trading conditions. The Scholl footware business performed exceptionally well, particularly in Thailand. Consumer awareness of the Scholl brand will be increased further following the high profile launch of Scholl Flight Socks within the region. Turnover accounted for 10 per cent of Group sales.

The region has diverse manufacturing capabilities located in the UK, Spain and Portugal, producing condoms, footcare, pharmaceuticals, wound management and industrial gloves products.

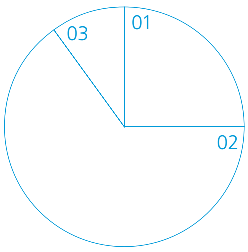
The Silipos manufacturing facility, based in Niagara Falls, produces gel-based wound management products.

The majority of SSL's manufacturing employees are located in this region, together with a number of joint venture partners, producing condoms, surgical gloves and Marigold gloves.

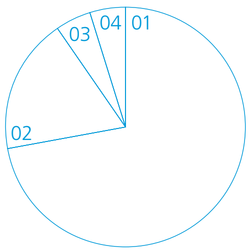
○ SSL Manufacturing
● Joint Venture Manufacturing



Turnover by Business Area
01 Consumer Healthcare — 63%
02 Medical — 25%
03 Marigold — 8%
04 Other — 4%



Turnover by Business Area
01 Consumer Healthcare — 25%
02 Medical — 65%
03 Marigold — 10%



Turnover by Business Area
01 Consumer Healthcare — 75%
02 Medical — 19%
03 Marigold — 3%
04 Other — 3%

Chief Executive's Review

In my last Chief Executive's report in June 2001, I announced three main initiatives for the Group, in conjunction with a full strategic review.

Firstly, I undertook to eliminate the practice of trade loading (offering incentives to customers to purchase stock over their normal requirement levels) from the Group, having identified that around £63 million of excess stock was held by our customers as a result of this practice. I am pleased to announce that we have achieved this objective.

Secondly, I committed the Group to supporting and building its major brands, Durex, Scholl, Regent and Hibi, via increased investment in marketing initiatives and new product development.

During the year, investment in market development increased by 18 per cent to £71 million. Major projects included a pan-European marketing programme for Durex via MTV and the launch of our new range of Scholl toiletries. We intend to continue to invest in major marketing programmes and maintain this higher level of expenditure.

At the same time, investment in new product development was increased by 25 per cent to £11.6 million, and this is set to increase further during the current financial year. New products in the period include a second generation of our leading synthetic surgical glove, Regent Biogel Skinsense N, a new shape for Durex condoms (Durex Easy-on) and, more recently, a premium range of Scholl toiletries. We have also increased regulatory support activities to ensure effective management of the global Hibi brand.

Thirdly, this increased investment in our brands would not be effective without excellent levels of customer service, identified last year as an area we needed to improve. In October 2001, we implemented a UK customer service improvement programme, resulting in a radical overhaul of our supply chain processes and a significant improvement in service levels; this programme is now being rolled out to other parts of the Group. The simplification of our supply chain has also been aided by the disposal of the continence care division and a number of smaller OTC brands during the year. As well as realising cash for the Group, these disposals will allow greater focus on our remaining core brands.

Business strategy
Our primary responsibility is to focus on the Group's four core global brands: Durex, Scholl, Regent and Hibi. They will receive the bulk of our increased marketing and R&D activity. However, these need to be supplemented by additional mid-size brands to give us the critical mass to utilise our local operations efficiently in both the consumer healthcare and medical markets.

We are close to completing a comprehensive review of the Marigold Industrial business, which may lead to its sale; we are not planning further major divestments, but are now committed to driving growth in turnover and profits.

Staff development
Just as important as the investment in our brands is the development of our people. We believe in recruiting and developing high calibre employees and investing in training to enable them to fulfil their potential. As part of this commitment, we have updated our approach to training and development, beginning with a long-term programme for the Group's top 150 managers at INSEAD, one of the world's leading business schools. In the UK, management teams have been attending tailor-made courses at Manchester Business School and on-site training for employees in all areas of SSL has been increased.

A clearly defined Group-wide bonus scheme, grading and share save plan have all been introduced during the year to motivate staff and reward loyalty and commitment to the business.

New appointments
We have made a number of important senior appointments this year that have strengthened the management team, including the following:

— Stuart Heap joined as Group Managing Director for the Americas in January. Stuart was, previously, Group President of the global contact lens division of CIBA Vision and he has also held a number of senior positions in sales, marketing and manufacturing;
— Neil Pamment has been appointed Group IT Director after providing us with interim support. Neil's experience most recently as IT Director of an international contract logistics business, will be invaluable as we implement our global systems programme;
— As part of SSL's continuing commitment to improved customer services, Peter Blanchard joined the Group in the new position of UK Director of Customer Services;

Improving customer service has been high on the agenda, with the UK spearheading a successful drive which is on target to lift service levels to 98.5 per cent 'on time, in full' deliveries.

Investment in new product development is closely aligned to consumer need. The new Scholl toiletries range was created in specific response to careful market assessment.

Investment in new product development has increased by 25 per cent to £11.6 million.

— In order to produce a co-ordinated approach to SSL's medical business in Europe, Paul Donnelly has been appointed European Medical Marketing Director, responsible for all medical products throughout the region;
— Mark Rey, previously with Johnson and Johnson in France, has joined as manager of our French, Belgian and Iberian businesses; and
— In April, Mike Pilkington joined SSL as Group Product Supply Director from a senior manufacturing position at Kellogg. In a previous role at AstraZeneca, he was responsible for the manufacture of the Hibi antiseptic range.

New group policies
SSL promotes an open, honest and ethical culture in all of its business dealings and in its relationships with employees.

During the year, we introduced a package of new measures to encourage employee involvement in the Group and ensure high standards of business conduct.

The Business Ethics policy and Employee Code of Conduct outline the legal and ethical standards the Group and its employees are expected to maintain. They address issues such as confidentiality, conflicts of interest, health and safety and discrimination of all kinds. A 'whistle-blowing' policy encourages employees to report any instances of malpractice, dishonesty or unsafe working practices without fear of reprisals or retribution.

Finally, a confidential group-wide communications channel called 'Freetalk' has been introduced. This will enable all employees to contact me, the Company Secretary and the Group HR Director, directly.

Restructuring programme
On 16 April, we announced the start of a significant restructuring programme, which will lead to the loss of 300 jobs around the Group. This radical plan to reduce overheads, developed by the Board as part of its ongoing business review, is necessary to improve margins and shareholder returns, while maintaining vital investment in brand development. The programme is expected to result in a one-off cost of the order of £18 million, and to produce annual savings of a similar amount, both of which will accrue progressively during the year to 31 March 2003.

Since the announcement, significant action has already been taken, with the proposed closure of the Group's Head Office at Toft Hall in Cheshire on track for this summer.

In addition to this current plan, we have commenced a full review of our entire supply chain, from product sourcing to delivery, to ensure that the Group can continue to make improvements and compete effectively.

A vital part of our improvement programmes will be the implementation of significantly better information systems throughout the Group. The introduction of integrated business systems has commenced and will continue into next year to ensure that system improvements are made quickly and efficiently without disrupting the Group's operations and plans.

Future prospects
We have invested heavily in the future of the Group this year, both in terms of operational improvements, and in much needed brand development activities. The Group's key brands are now in a strong position to capitalise on the significant opportunities that exist in our markets, supported by operational structures that continue to improve. We continue to anticipate underlying mid-single digit sales growth for both the consumer healthcare and medical businesses.

Brian Buchan
Chief Executive

Freetalk is a new confidential group-wide communications channel enabling employees to have a voice in any aspect of company operation.

02	11.6
01	9.3
00	8.7
99	12.8

Investment in product development (£m)

02	71
01	60
00	62
99	60

Investment in advertising and promotion (£m)

Our primary objective is to focus on the four core global brands of Durex, Scholl, Regent and Hibi

Durex

Durex innovation

Following extensive planning, research and market testing, the most significant Durex brand development programme ever to take place commenced during the year. To date, the new Durex range has been introduced into Europe, with launches into North America and Asia Pacific planned for later this year. The programme has two main components:

Firstly, the Durex global product range has been improved, with the introduction of the new 'Easy-on' condom. These products feature stylish new packaging designed to appeal to the younger user, with an improved shape of condom for ease of use and improved comfort. The condoms also contain an odour masker to reduce the latex odour commonly associated with condoms. In extensive consumer trials, the new condom has been extremely well received among both current Durex users and those who use a competitive product, which provides us with an opportunity to grow the brand and to capture new users.

Secondly, the programme is simplifying the global product range, updating the image of the brand and standardising pack sizes and packaging concepts. This will assist the customer in choosing the right condom, regardless of the location, and to reduce the complexity of the manufacturing process. With the resulting reduced lead times, SSL's commercial operations are able to respond more quickly to consumer demand.

During 2002, additional new products are being introduced to many markets, including Durex Performa, a condom containing benzocaine for longer-lasting performance, Durex Sensation, a studded condom for enhanced female pleasure and Durex Close Fit, which speaks for itself.

Vital to the success of the programme has been the involvement of the SSL condom manufacturing facilities, both wholly owned and joint ventures. Changes to condom design require regulatory approval, new artwork, new packaging designs and modification of production. SSL has been working with the FDA team in Thailand to simplify the process for new product registrations and as a result registration times can be reduced to as little as one month.

The programme will protect Durex market share in its core territories, revitalise the market in mature regions and provide an opportunity to increase market share in developing countries.

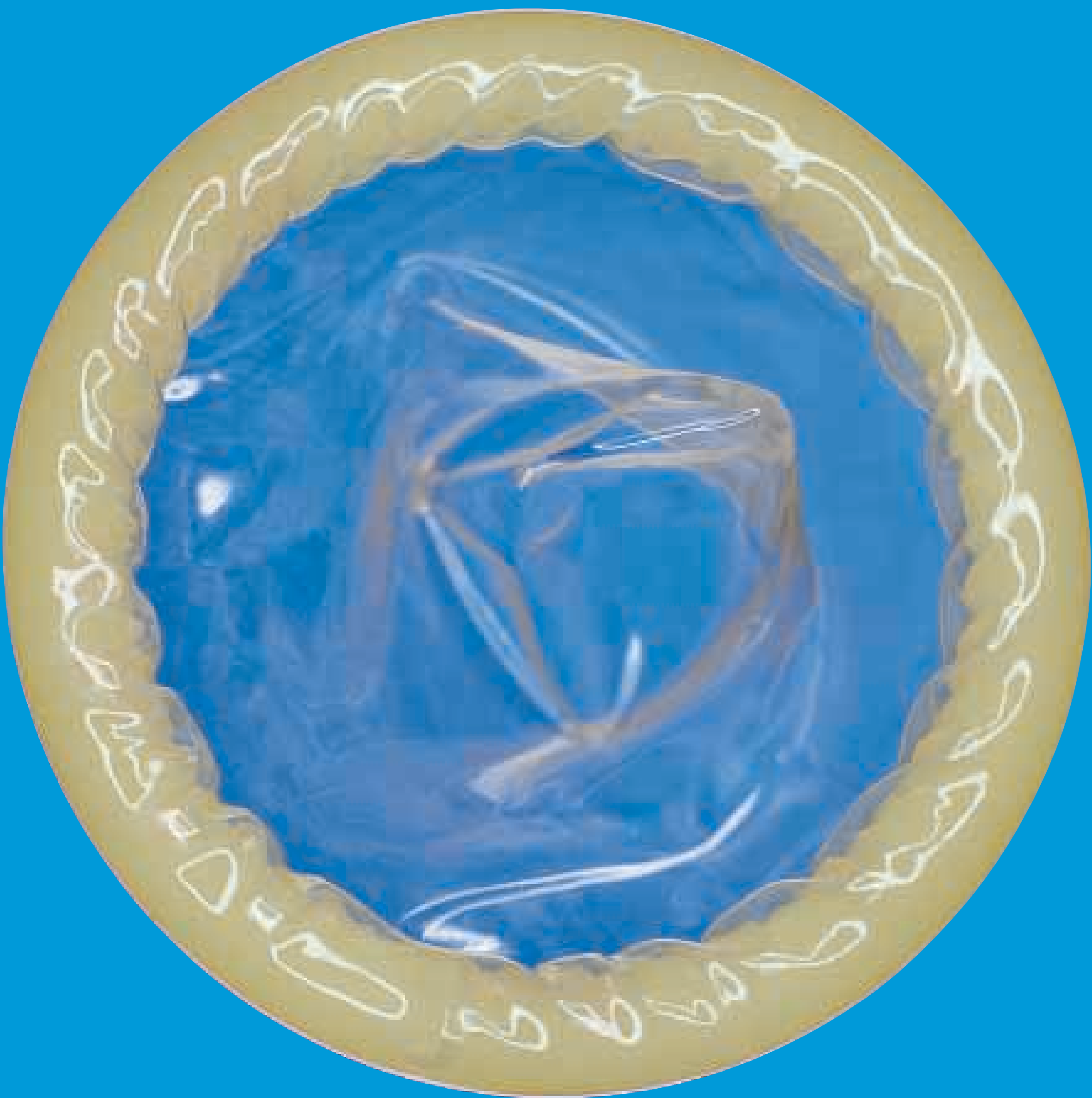
Mike Pilkington has joined SSL as Group Product Supply Director, bringing a wealth of manufacturing and logistics expertise from previous roles at Kellogg and AstraZeneca.

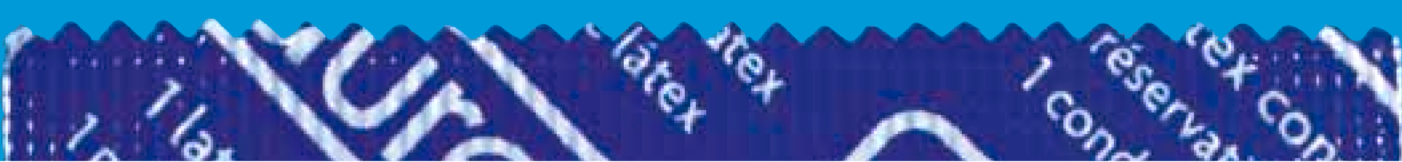
SSL's commitment to health education continues to thrive, including the upgrading of the Durex web site to include a clinical section aimed at young people.

PeopleSoft is being adopted as the common IT support framework for the company across the world — part of the GENeSYS programme designed to transform the way the company does business.

World-class global brands

SSL is proud to own four strong international healthcare brands in Durex, Scholl, Regent and Hibi, giving the Group a presence in both consumer and medical markets in many countries throughout the world. Durex remains the only true global condom brand in existence and SSL, via marketing initiatives and social programmes across the world, continues to expand its geographical reach in this area.





Durex marketing and promotion
The European rollout of the new concept follows the success of the MTV marketing campaign in 2001, which featured television advertising, targeting 59 million 16 to 24 year olds in over 40 countries. The campaign was integrated with a sponsorship programme of dance music events in 10 countries, culminating in a large event in Ibiza attended by over 9,000 young people from all over Europe in a Durex-branded arena. The campaign has successfully increased awareness of Durex and helped to build market share among younger users.

During the winter season, Durex became the official condom of the Nokia / FIS Snowboard World Cup in Canada.

In the USA, Durex sponsored the Durex Spring Break Beach Club 2002 in Panama Beach Florida, capturing the attention of over 600,000 college and high school students. In addition, a five-person marketing team in Durex attire attended the six-week Mardi Gras festival in New Orleans. Initiatives included banners across Bourbon Street with the Durex 'Let the good times unroll' slogan.

Increased marketing investment in the Durex brand will see the second generation of the 'sperm' advertising campaign, this time with an estate agent theme. This award-winning character, shown on both MTV and in cinemas, proved groundbreaking for Durex, demonstrating a move away from advertising focused on sexual health and sexual activity towards a humorous approach, thereby winning favour among young people.

Durex sex survey
The sixth annual Durex sex survey in October 2001, featuring research into sexual trends of 18,500 people in 28 countries, was the largest and most successful ever, achieving worldwide media coverage.
As well as assessing attitudes towards sexual health and disease, the survey also questioned people on sexual activity and habits.
The survey enables SSL to look at serious sexual health issues alongside more light-hearted subjects in order to inform readers in an interesting way.

Durex web site
The Durex web site, www.durex.com, now has 44 localised country sites and attracts over 110,000 hits per month from around the world. This year, the site has been upgraded to include a clinical section aimed at young people, where information can be obtained on a range of sexual health topics.

The expertise of SSL's condom manufacturing facilities has enabled the company to simplify production and distribution processes, standardising the Durex condom range across the world in line with consumer needs.

High standards of quality control are paramount at all manufacturing locations, both wholly owned and joint ventures.

Jon Gray, previously Managing Director Thailand, takes on the new role of European Consumer Marketing Director, leading the Group's marketing expertise in consumer brands and in Scholl and Durex in particular.

Scholl

Scholl innovation

A new premium range of Scholl toiletries, marketed as ‘Health and Beauty for Feet’, was launched in the key European markets, France, Italy, UK and Germany in February and is being rolled out across the Group. Intensive consumer research has been performed in the creation of this new sub-category for the brand.

The range comprises five footcare products in stylish new gold and white packaging, and features a totally new product which, applied as a cream, dries to a deodorising powder. The range has been designed to appeal to a younger consumer than the traditional Scholl foot treatment market. The marketing campaign moves the focus away from problem solution to a positive ‘healthy feet’ image, and aims to promote a daily care routine for feet. To that end, the new range will be dual-sited in many outlets, in both the footcare sections and on the body care shelves. Projects are now under way to upgrade the other Scholl therapy areas, with the next launches to follow later this year.

A new Scholl moisturising sock has also been launched into selected markets, with further expansion to follow. The sock, which utilises the gel technology of SSL’s Silipos business, is designed as a beauty treatment for feet to be worn two or three times a week for 45 minutes. The product incorporates a fragranced gel lining enriched with vitamin E and essential oils, for continual moisture delivery. Thanks to the unique properties of Silipos gel, the socks can be washed and reused for three months or more without destroying the moisturising properties.

In June 2001, Scholl Gelactiv shoes were launched in Thailand, one of Scholl’s most important footwear markets, enhancing the existing Scholl range.

Scholl Flight Socks

The issue of deep vein thrombosis remained in the news throughout the whole of the year. Meeting growing consumer demand to help combat the risk of developing DVT, Scholl Flight Socks have created a new consumer category and established themselves as the number one brand in the UK market.

Building on the UK successful launch in 2001, Scholl Flight Socks have since been introduced into Germany and Italy, with planned launches in France and Spain later this year. In addition, they are now available in a number of Asia Pacific markets, including Australia, New Zealand, Malaysia, Singapore and Hong Kong.

Paul Donnelly has been appointed to the new role of European Medical Marketing Director, demonstrating the Group’s commitment to the future potential of the Medical Division.

Scholl is building on its reputation as ‘the foot expert’ with the launch of innovative new products, as well as developing such successes as Flight Socks and Gelactiv footwear.

The company is taking a fresh approach to Training and Development, beginning with a long-term programme for its top 150 managers at one of the world’s leading business schools, INSEAD.

Operational effectiveness

SSL continues to target improvements in operational efficiency, from product manufacture to customer service. The Group's new Biogel inspection and packaging plant at Kuala Ketil, Malaysia came into service during the year. Its location, adjacent to SSL's radiation partner Isotron, means that all Biogel gloves can be manufactured, sterilised and packaged within a small geographical area.

Transparent culture

SSL has introduced a comprehensive set of new Group policies on its business dealings, both internally and externally, which have been issued to all employees around the Group. This incorporates a Business Ethics Policy, governing SSL's transactions throughout the world and an Employee Code of Conduct, which sets out SSL's expectations for its employees.

Finally, in order to promote a transparent culture within the Group, a confidential communication channel, Freetalk, has been established for employees to raise suggestions and concerns with top management.

Regent Infection Control

Biogel Surgical Gloves

Regent Biogel remains firmly in the lead in surgeons' gloves in the UK and USA. As part of this, Regent has advanced its position in the growing latex-free sector since the introduction of Biogel Skinsense N; this Biogel glove now has 29 per cent of the synthetic sector in the USA, or three per cent of the overall market.

Regent Biogel Skinsense N, launched in the UK at the Royal College of Surgeons last summer, is the next generation of powder-free synthetic surgeons' gloves, designed to support users sensitive to natural rubber latex. The glove has since been launched in a number of other markets, including the USA and parts of Europe.

A trend in surgical glove use is to wear two pairs of gloves (double gloving) to give extra protection. SSL has recently expanded the Skinsense N range with the addition of Biogel Skinsense N Universal, the world's first surgical glove that can be double gloved with ease; this new glove affords synthetic glove users the same choice as latex.

Hibi

SSL's Hibi range of antiseptics has been combined with Biogel surgical gloves under the umbrella brand of Regent Infection Control, marketed as a complete solution to hand hygiene and protection, both in the operating theatre and in non-sterile hospital environments.

When the Hibi brand was acquired in 2000, the portfolio was overly complex, and we are in the process of rationalising and standardising the product range where necessary. At the same time, we are also developing new products to introduce different physical properties and enhance the product offering.

OTC

In March 2002, the disposal of 21 small OTC brands was completed, allowing us to focus on SSL's major OTC brands in the UK. In essence, the UK OTC marketing investment was concentrated on four key brands:

Resolve

A new national UK advertising campaign for Resolve, the hangover remedy, was launched over the winter period, targeting over-indulgence during the Christmas and New Year celebrations. A series of humorous cartoons was featured in men's and women's magazines, aimed at increasing awareness of the brand and coinciding with the launch of a new variant of Resolve, Resolve Extra, which incorporates caffeine. As a result, market share in this sector increased from 17 per cent to 19 per cent during the year.

Remegel

New television advertisements for Remegel, the indigestion remedy, along with a new variant, Remegel Wind Relief, helped to improve the performance of the brand in this fiercely competitive category. As a result, in-market sales grew by approximately six per cent during the year.

Meltus

Another campaign with a seasonal theme was performed for Meltus, SSL's range of cough and cold remedies. However, the brand suffered from the very low incidence of coughs, colds and influenza over the 2001 winter period, resulting in relatively flat sales.

Full Marks

Following a successful pilot programme of television advertising last year, a new campaign for Full Marks Mousse, SSL's leading head lice treatment, was aired in August and September 2001. The advertisements made a huge impact on the head lice treatment category, and increased SSL's UK market share for the second year.

Ian Adamson, UK Managing Director, is one of a number of senior managers who have taken on overall responsibility for additional countries in order to share cross-border expertise and resources.

Bob Dwyer, Group HR Director, has been responsible for the Group's new Training and Development programme, and for establishing an open, honest and ethical culture in all the Group's relationships with its employees.

Resolve is another award-winning OTC product which is boosting market share with creative marketing campaigns that are winning new sales.

Wound Management

The wound management division has launched a number of new products during the year, including Avance wound dressings and Scholl Ultima compression hold-up stockings. The successful launch of Avance in the UK was followed by similar launches in Australia and many parts of Europe.

SSL's pioneering Wet Wrapping eczema therapy continues to grow in strength, with UK in-market sales of Tubifast reaching £5 million per annum and Epaderm emollient also making good progress.

In the UK, the Solutions support package offered to Primary Care Organisations, which tailors product offerings to individual needs via an integrated communication package, has continued to raise its profile, particularly in the dermatology therapy area. This service has recently expanded its involvement to include sexual health.

Manufacturing — OTC

In April, HRH The Princess Royal officially opened SSL's new pharmaceutical factory in Peterlee in the North East of England. The purpose-built facility has been manufacturing SSL OTC pharmaceutical products, including cough medicines, analgesics and foot powders, since the summer of 2001. It is also set up to take the secondary manufacture of the Hibi range of products after the transfer from AstraZeneca.

The factory will be able to adapt to changing production requirements within SSL, giving flexibility of capacity as well as premium quality output.

The factory currently employs approximately 200 people, and has been recently awarded Investors in People accreditation.

The total cost of the factory, including machinery, is approximately £25 million.

Our UK OTC manufacturing operations in Blackburn and Bootle were closed during the year.

Manufacturing — Surgical gloves

In October 2001, a new surgical gloves inspection and packaging facility was completed in Kuala Ketil, Malaysia, to support the manufacturing plant at Kulim, at a cost of £7 million. This facility is adjacent to a new sterilisation unit built by Isotron, our current sterilisation partner.

Customer Service Improvement Programme

SSL implemented a UK customer service improvement programme in October 2001, resulting in a radical overhaul to ensure that industry standards are met in an increasingly demanding market. Many customer service issues resulted from long-standing recurring problems, with the situation also exacerbated by difficulties in forecasting caused by trade loading.

Supermarkets and pharmacy chains require and deserve the best in customer service that a supplier can provide, and our performance was not always as high a standard as we knew we could achieve. The project focused on three work streams, distribution, supply and measurement; the objective is to achieve 98.5 per cent 'on time, in full' deliveries by September 2002, and we are on track to achieve that. A similar project has recently been instigated to review customer service for the Group as a whole.

Neil Pamment has been appointed Group IT Director, with international IT and Logistics experience that will prove invaluable to SSL's development of its global systems programme.

HRH The Princess Royal officially opened SSL's new flagship pharmaceutical manufacturing facility at Peterlee in the North East of England.

Team-building and sharing the fun element of working together is part of SSL's approach to nurturing individual employees.

Building first class customer service

Improvements in UK customer service performance have been achieved this year via a radical review project undertaken by the SSL UK management team. The project, which involved all parts of the supply chain from manufacture to delivery, is on target to achieve 98.5 per cent 'on time, in full' deliveries by September 2002. This initiative is currently being rolled out to the rest of the SSL Group.

Environmental quality

SSL's third environmental report demonstrates achievements during the year and incorporates numerical data on material consumption, water consumption and waste production for the first time. Key achievements include reducing energy consumption at nearly half of the Group's factories and reducing the weight of product packaging per sales unit.

Environmental responsibility

SSL remains committed to maintaining world-class standards in quality and environmental issues, recognising both the ethical and economic need to achieve this. Our third annual environmental report gives detail on our achievements during the year, which include reducing energy consumption in many of our sites and eliminating the use of ozone-depleting chemicals from all our manufacturing processes. Once again, our rating in the Business in the Environment index of Corporate Environmental engagement has significantly improved.

Social responsibility — Durex social marketing programme

SSL recognises its responsibility to the local and international community, most evident in its Durex social marketing programmes.

SSL continues to support population and HIV/AIDS programmes in developing countries around the world. The policy of the SSL social marketing programme is to provide high quality condoms at an affordable price to ensure that health and population programmes are successful in reducing unplanned pregnancies and transmission of HIV and other sexually transmitted diseases. In this way, SSL shares the expertise developed by the world's largest condom brand, Durex, with organisations supporting global family planning and sexual health initiatives. In order to continue to support these initiatives, and to reinforce the reputation of Durex as a socially responsible brand, a full time manager of our social marketing programmes has been recruited to build long-term relationships with key international bodies and charities.

During the year, after a competitive tender process, SSL was awarded one of the largest social marketing contracts the Group has ever achieved for the supply of 45 million condoms to the Government of Uganda. The order, awarded to SSL on the basis of quality, was sourced by the charity Marie Stopes International, with which SSL has established strong links. The condoms will be manufactured by SSL's joint venture facility in India using the brand name 'Lifeguard'.

This success follows on from orders supplied by SSL in recent years to Government and charitable organisations in Papua New Guinea, Botswana and Kenya as well as Uganda.

SSL is also active in parts of South America. This year, SSL has donated 72,000 condoms to the British Council in Colombia, working with the Renacer Foundation, to support a project that aims to get children out of prostitution.

SSL has also committed resources to an education project among adolescents in Brazil in areas of social deprivation. This includes supporting research, donating condoms and producing a lifestyle magazine to be sold by a trained team of young people with the aim of raising awareness of the need for condoms.

A new web site, www.durexhealthcare.com, was launched on World AIDS day (1 December 2001) and is the latest initiative from Durex to assist the global fight against AIDS and other sexually transmitted infections. Durex Healthcare provides healthcare professionals with a comprehensive sexual health resource covering the latest research projects, educational campaigns and safer sex initiatives around the world. It also offers an interactive bulletin board for healthcare professionals to share ideas and experiences and to discuss topical issues.

Peter Stephenson, Group R&D Director, has produced a number of scientific papers and has been active in both the Royal Society of Chemistry and the Institute of Materials for a number of years.

Stuart Heap, previously Group President of the contact lens division of CIBA Vision, has joined SSL as Group Managing Director for the Americas.

High standards of quality and environmental responsibility are the cornerstones of SSL's manufacturing policy.

Overall results

SSL's results for the year ended 31 March 2002 are set out on page 36. Sales of £592.4 million were achieved for the year (2001: £649.3 million), generating an operating profit before exceptional items of £54.1 million (2001: £116.0 million). As expected, the results have been affected by a number of special factors, including disposals and the elimination of trade loading, as well as foreign currency movements. After adjusting for these factors, underlying turnover growth of our core business was just over four per cent, and our overall underlying operating margin was 12.9 per cent of sales. Free cash flow was generated for the first time since the LIG merger, and net debt was reduced by £73 million. These results are explained in more detail below.

Disposals

On 29 September 2001 the Group completed the disposal of SSL's continence care division for £80 million, generating a profit on disposal of £28 million. On 19 March 2002, the Group sold a number of small over-the-counter pharmaceutical brands for £13.5 million, which resulted in a loss on disposal of £23 million after accounting for goodwill of £36 million. In total these businesses, both of which had been affected by trade loading, generated sales of £17 million and operating profits of £4 million up to the date of disposal. The Group also completed the sale of its retail operations in Spain and the exit from examination gloves in the year.

Trade loading

At the end of last year the Group performed an extensive exercise to determine the amount of stock of SSL products present in the distribution chain, mainly with major wholesale customers, and undertook to eliminate trade loading from SSL's business practices. We are pleased to confirm that this objective was achieved by 31 March 2002. Our unaudited estimate of the effects of this elimination on the results for the year of our ongoing businesses is a reduction in sales of £56 million and in underlying operating profit of £32 million, excluding exceptional costs.

Exceptional items

During the year, exceptional post-merger restructuring costs of £16 million were incurred, bringing the total post-merger charge to £209 million, as estimated last year. In addition, £12 million of exceptional costs have been incurred as a result of the elimination of trade loading. These costs include adverse manufacturing variances resulting from the temporary scaling down of production in a number of SSL factories. The Group also wrote down intangible assets by £9 million at the half year, following a review of carrying values.

The exceptional costs were offset by a net profit of £5 million on the disposals, as mentioned above.

Underlying results

Figure 1 shows the underlying results for the year, before exceptional items and after adjusting for acquisitions and disposals and the estimated effect of eliminating trade loading by way of reduced sales. The effects of foreign currency differences between the two years have also been eliminated for comparison purposes.

Sales

Figure 2 shows an analysis of underlying sales for the year by geographical region and business. Figure 3 shows underlying sales and market share data for the two thirds of our business represented by our top three territories.

In discussing underlying sales below, the £56 million estimated effect of eliminating trade loading in the year to 31 March 2002 has been adjusted for; this adjustment represents the estimate made at the beginning of the year (after excluding the effects of the continence care and OTC brand disposals) and is broadly in line with the category and territory analysis made at that time.

Figure 1 — Underlying results

	Sales £m	Gross margin £m	Market development £m	Contribution £m	Operating profit £m
31 March 2002					
Reported results	592.4	327.0	(70.8)	256.2	54.1
Acquisitions	(1.5)	(1.0)	–	(1.0)	(1.0)
Disposals	(17.9)	(7.4)	0.7	(6.7)	(4.5)
	573.0	318.6	(70.1)	248.5	48.6
Trade loading elimination	56.1	32.3	–	32.3	32.3
Underlying results	629.1	350.9	(70.1)	280.8	80.9
31 March 2001					
Reported results	649.3	384.1	(59.9)	324.2	116.0
Acquisitions	11.1	1.4	–	1.4	1.4
Disposals	(54.4)	(24.6)	1.4	(23.2)	(17.4)
Foreign exchange	1.7	1.1	–	1.1	0.8
Underlying results	607.7	362.0	(58.5)	303.5	100.8

Figure 2 — Underlying sales

	UK and Eire £m	Continental Europe £m	Americas £m	Asia Pacific and ROW £m	Total £m	Trade loading £m	**Underlying sales for 2002 £m**	Underlying sales for 2001 £m
OTC	32.0	22.6	1.7	3.1	59.4	11.5	70.9	72.7
Family planning	28.4	60.0	23.7	15.1	127.2	7.5	134.7	128.7
Footwear	5.5	49.0	–	16.5	71.0	–	71.0	66.3
Footcare	18.7	40.6	–	13.5	72.8	2.6	75.4	70.0
Consumer Healthcare	**84.6**	**172.2**	**25.4**	**48.2**	**330.4**	**21.6**	**352.0**	**337.7**
Wound management	36.4	10.0	11.1	8.7	66.2	8.1	74.3	74.6
Surgical gloves	17.5	16.0	48.9	1.8	84.2	22.9	107.1	102.2
Hibi	7.3	9.6	7.7	1.5	26.1	–	26.1	22.5
Medical	**61.2**	**35.6**	**67.7**	**12.0**	**176.5**	**31.0**	**207.5**	**199.3**
Household gloves	7.1	4.9	–	1.6	13.6	0.2	13.8	14.6
Industrial gloves	11.4	11.6	10.5	0.1	33.6	3.3	36.9	35.1
Household and Industrial gloves	**18.5**	**16.5**	**10.5**	**1.7**	**47.2**	**3.5**	**50.7**	**49.7**
Third party	2.5	5.5	–	2.0	10.0	–	10.0	11.8
Other	2.3	0.2	–	–	2.5	–	2.5	3.1
Retail	–	6.4	–	–	6.4	–	6.4	6.1
Other	**4.8**	**12.1**	**–**	**2.0**	**18.9**	**–**	**18.9**	**21.0**
Total	**169.1**	**236.4**	**103.6**	**63.9**	**573.0**	**56.1**	**629.1**	**607.7**
Trade loading	30.1	5.0	20.0	1.0	56.1			
2002 underlying sales	**199.2**	**241.4**	**123.6**	**64.9**	**629.1**			
2001 underlying sales	**200.6**	**227.8**	**119.2**	**60.1**	**607.7**			

Figure 3 — Major territories

	Underlying sales^ £m	Underlying sales growth^ %	Market growth %	**SSL market share in 2002* %**	SSL market share in 2001* %
UK:					
OTC	43.5	(2.7)	4.0	10	10
Family planning	32.4	(0.1)	(1.2)	80	79
Footcare	20.7	21.7	5.5	50	52
Wound management	44.5	1.6	7.9	20	20
Surgical gloves	21.8	(10.0)	3.0	75	75
Other	36.3	(5.0)	#	#	#
Total UK	**199.2**	(0.7)	#	#	#
USA:					
Family planning	25.4	(2.3)	1.0	14	16
Surgical gloves	67.3	7.9	7.0	33	29
Other	30.9	–	#	#	#
Total USA	**123.6**	3.7	#	#	#
Italy:					
OTC	18.0	(3.7)	1.9	38	40
Family planning	20.5	(3.3)	(1.4)	59	59
Footwear	17.9	(4.8)	#	#	#
Other	15.8	(1.2)	#	#	#
Total Italy	**72.2**	(3.3)	#	#	#

^ After adjustment to reflect the effects of eliminating trade loading
* Market share data on an equivalent basis for both years, reflecting changes in method of preparation of audit information by audit companies
# Market data not available

The Consumer Healthcare division showed underlying growth of 4.2 per cent compared with last year, after adjusting for the estimated trade loading effect of £21.6 million. Scholl footwear and footcare growth exceeded seven per cent (after a trade load adjustment of £2.6 million) as the result of the success of Flight Socks in the UK, and excellent growth in footwear sales in the Far East, offset by the negative effects of the economic environment on footcare sales in Japan.

Durex showed underlying growth of 4.7 per cent, after a £7.5 million trade loading adjustment, driven by volume increases. In the UK, growth in the retail sector was partially offset by a decline in NHS sales. Asia Pacific recorded an impressive performance in condom sales, with growth in excess of 20 per cent. The USA continues to be a fiercely competitive market.

Performance in the OTC category reflects challenging market conditions, with flat and declining sales in Continental Europe and the UK respectively, outweighing good sales growth in Asia Pacific.

The Medical division showed underlying growth of 4.1 per cent, after adding back £31 million for trade loading, mainly in surgical gloves. A solid surgical glove increase of 4.8 per cent was offset by flat sales in wound management products, although within the latter category, sales of Silipos wound management products grew by an encouraging 18 per cent. Regent surgical glove sales in the USA grew by eight per cent, compared with overall market growth of around seven per cent, reflecting an increase in market share to 33 per cent of the total market. Within these figures, Regent's share of the developing synthetic market grew from 13 per cent to 29 per cent.

UK surgical glove sales were adversely affected by parallel imports from Continental Europe and an overall price decline of around seven per cent in the period.

At £26.1 million, sales of the Hibi antiseptic range exceeded the budget for the year. The sales figure of £22.5 million included in the results for Hibi for the comparative period, in which the brand was owned for only part of the year, has been derived from the run rate of actual sales in that period, demonstrating excellent first year growth of 16 per cent.

Underlying sales of Marigold household and industrial gloves grew by two per cent during the year, with Marigold Industrial growth of five per cent offset by a six per cent decline in household gloves. Marigold Industrial sales were promising in Continental Europe, resulting from expansion of both the distributor base and the product range.

Figure 3 shows sales and market share data in our three major markets. Overall, UK sales declined by 0.7 per cent, mainly as a result of a fall in surgical glove sales and the further decline of non-core activities. Scholl footcare sales benefited from the success of Flight Socks, whilst initial sales of the new toiletries range at the end of the year represented the first of a number of planned sub-segment re-launches in this category.

USA sales are discussed above.

The performance of our Italian business remained disappointing, reflecting difficult market conditions, particularly in the OTC category. Increased brand advertising is planned to reverse the decline in market share, as is the introduction of new products, particularly in the Scholl footcare category.

Gross margin

The underlying gross margin achieved in the year was 56 per cent compared with 60 per cent for 2001, reflecting the effects of new OTC production facilities, of stabilising production following the elimination of trade loading and transitional manufacturing arrangements for Hibi.

Market development expenditure

Market development expenditure comprises direct advertising and promotional costs incurred to support the Group's brands. It excludes employee costs and direct selling costs, which are included within selling and administration expenses. Last year, the Group stated its intention to increase investment in advertising and promotion costs to support its premium consumer brands. As a result, market development expenditure during the year was increased to £71 million from £60 million, an incremental investment of 18 per cent. The Group intends to continue to invest in its brands at this higher level of expenditure in the future.

R&D expenditure

In addition to the increased investment in market development, the Group has also increased expenditure on research and development to £11.6 million from £9.3 million in 2001. Projects completed during the year include the launch of the Durex Easy-on range of condoms and a new version of the Biogel Skinsense N synthetic surgical glove. The Group intends to increase R&D expenditure further in the year to 31 March 2003.

Selling and administration costs

Underlying selling and administration costs incurred during the year amounted to £200 million, a decrease of £3 million over the previous year. Major projects commenced in the year include the customer service improvement programme, with the UK element now completed. In addition, investment in improved management information systems has commenced and will continue in the current and next financial year.

The Chief Executive's review contains details of a major restructuring programme, announced on 16 April, to address the overhead cost base, particularly throughout Europe. The cost of this restructuring, which is well under way, is likely to be in the region of £18 million and is anticipated to result in a similar level of annual cost savings.

Operating profit

Underlying operating profit for the year, before adjusting for the effects of trade loading, was £48.6 million compared with £100.8 million for 2001. The fall in underlying operating profit from 16.6 per cent of sales to 8.5 per cent reflects the increased investment in market development expenditure and the effects of eliminating trade loading at the gross margin level.

If an adjustment is made to reflect the effect of reducing ongoing sales by £56 million, the adjusted underlying operating profit is £81 million, or 12.9 per cent of sales. The Group anticipates that the operating margin in the current year will increase to between 13 per cent and 14 per cent of sales.

Financing costs and activities

The net interest charge incurred in the year was £25.6 million (2001: £24.7 million), which was covered 2.1 times by operating profit before exceptional items (2001: 4.7 times). The Group anticipates that interest cover in the current year will rise to at least four times as the result of increased sales and profits following the elimination of trade loading.

Half-year performance

Actual sales in the second half of the year amounted to £311 million, compared with £364 million for the comparative period, reflecting the effect of disposals and the completion of the trade load elimination programme. Operating profit before exceptional items amounted to £41 million compared with £77 million, for the same reasons. Sales and operating profit for the first half of the year were £281 million and £13 million respectively.

Taxation

The tax charge of £9 million before exceptional items represents a rate of 30 per cent, an increase over the 25 per cent charge for 2001 as expected and indicated at that time. The tax charge of £7 million on the disposals completed during the year was offset by a tax credit on exceptional costs of £5 million.

Earning and dividends

Profit after tax but before exceptional items was £20 million, compared with £69 million reported for 2001, resulting in a decrease in basic pre-exceptional earnings per share from 36.3 pence to 10.4 pence. Basic loss per share after exceptional items was 7.0 pence compared with earnings of 13.5 pence in 2001.

The weighted average number of shares in issue during the year increased from 188.7 million to 189.1 million as a result of share options exercised. The final dividend proposed by the Board is 8.4 pence, which results in a total for the year of 12.3 pence, held at the same level as the previous year. The dividend is 90 per cent covered by earnings before exceptional items.

Cash flow and investing activities

During the year, the Group generated a positive operating cash flow of £120 million before exceptional items partly as a result of an improvement in working capital from 29.0 per cent to 21.6 per cent of sales. Net cash inflow from exceptional items amounted to £59 million, reflecting £87 million net income from acquisitions and disposals, offset by £28 million of cash exceptional costs.

Free cash flow of £7.1 million was generated compared with an outflow of £30.9 million last year, and £14.1 million outflow in the year following the LIG merger. This improvement was achieved despite the impairment of profits arising from the elimination of trade loading, and the Group expects further improvement in the current year.

Capital expenditure for the year was £40 million, £13 million of which was spent in the second half of the year. The Group anticipates a reduction in the level of capital expenditure in the current year now that the Peterlee facility is operational.

Financial condition

Shareholders' funds at 31 March 2002 were £88 million compared with £47 million at 31 March 2001. Net borrowings at the same dates were £308 million and £381 million respectively, a reduction of £73 million in the year.

Litigation

In common with most suppliers of latex medical gloves, the Group is engaged in litigation in the USA in relation to allegations regarding the development of sensitivity to natural rubber latex. The Board has confidence in both the high quality of SSL's medical gloves and the Group's defences available against the allegations. Further details are given in note 28.

During the year, the Group successfully defended litigation from a competitor, Allegiance Corporation, in the USA in relation to allegations of unfair advertising.

Capital structure and treasury policy

Financial Reporting Standard 13
FRS 13 requires that certain disclosures relating to financial instruments are given in the financial statements, in order to provide information on the impact of such instruments on the Group's risk profile, how this may affect the Group's performance and financial position and how those risks are being managed. The impact of financial instruments is considered in detail on pages 58 to 59.

Foreign exchange risk
The nature of the Group's trading activities generates transactional foreign exchange risks. These arise from the sourcing of raw materials from different countries, the location of Group production facilities throughout the world and the sale and distribution of finished goods in many locations. The Group's foreign exchange policy requires that all trading related exposures should be centralised in accordance with prescribed procedures and timetables under the direction of the Group Treasury function, which hedges the major exposures using forward contracts and options, usually for a period of 12 months.

Interest rate exposure
The aim of the Board-approved policy relating to interest rate risk management is to reduce the impact of interest rate fluctuations on the Group's net interest expense to acceptable levels. This is achieved through balancing the ratio of fixed or hedged debt to those financial liabilities with floating interest rates. Board-approved instruments available to hedge this exposure include interest rate swaps, interest rate options and forward rate agreements. Details of the interest rate analysis are given in note 31.

Liquidity risk
The primary objective of the Group Treasury policy is to ensure that the Group is able at all times to meet its financial commitments as and when they fall due. To facilitate this, the Group Treasury department is responsible for the management of cash and liquid resources for the whole of the Group, and ensures that the Group has sufficient headroom in its undrawn facilities to meet any reasonable change in funding requirements. As detailed in note 31 (c), the Group's total undrawn committed facilities at 31 March 2002 amounted to £41 million.

Garry Watts
Finance Director

02	54.1
01	116.0
00	99.9
99	86.6

Operating Profit (£m)
before exceptional items

02	9.1
01	17.9
00	11.3
99	14.1

Operating Profit (%)
before exceptional items

Group Board

Executive Directors

Brian Buchan
Chief Executive
Appointed Chief Executive of SSL International plc in March 2001. Previously an Officer of Procter & Gamble, and President of its Feminine Care global operations, Brian has worked extensively in Europe, the Far East and North America. Age 50.

Garry Watts
Group Finance Director
Joined SSL International plc as Group Finance Director in February 2001. Previously an Executive Director of Celltech plc and Finance Director of Medeva plc. Garry is a member of the Board of the Medicines Control Agency. Age 45.

Steven Eastwood
Group Managing Director Asia Pacific
Joined Scholl PLC in 1983, having held senior marketing positions in Cadbury Schweppes and Beechams. Became an Executive Director of Scholl in 1995 and was appointed to the SSL Board in April 2000. Age 50.

Andrew Slater
Group Managing Director Europe
Joined LIG in 1982, since when he has held a number of senior marketing and general management positions. Appointed to the SSL Board in June 1999. Age 54.

Non-Executive Directors

Ian Martin
Non-Executive Chairman
Became Chairman on 1 September 2001. He is also Chairman of Baxi Group plc and HLF Holdings Limited. He was formerly Chairman of Uniq plc, and Deputy Chairman of Grand Metropolitan plc. Age 67.

Eric Anstee
Non-Executive Director††
Joined the Board in March 2002. He is Chairman-elect of Mansell plc, and a Non-Executive Director of SevernTrent plc. He is a Member of the Senate of the ICAEW, and a Member of the UITF of the Accounting Standards Board. Age 51.

Bernd Beetz
Non-Executive Director
Appointed Non-Executive Director in March 2001. Bernd is CEO of Coty Inc based in New York prior to which he was President and CEO of Parfums Christian Dior and before that a regional Vice-President of Procter & Gamble. Age 50.

Timothy Howden
Non-Executive Director†
Appointed Non-Executive Director of Seton Scholl in 1998. Previously CEO of Albert Fisher North America and MD of Rank Hovis McDougall plc. Currently a Non-Executive Director of Finning International Inc Canada, Hyperion Insurance Group Ltd and Non-Executive Chairman of Benchmark Dental Laboratories Ltd. Age 64.

Peter Read
Non-Executive Director
Appointed in March 2002, and holds non-executive directorships in Celltech Group plc, Vernalis Group plc, and Innogenetics SA. Formerly a senior executive with Hoechst, and a past President of ABPI. Age 63.

Rodney Sellers
Non-Executive Director
Appointed Non-Executive Director of Seton Healthcare in 1997. Previously CEO of British Vita plc. Currently Non-Executive Chairman of Ultraframe plc, and a Non-Executive Director of PZ Cussons plc and a number of other companies. Age 55.

Alain Strasser
Non-Executive Director
Appointed Non-Executive Director in November 2000. Alain has held various senior positions in both Unilever and Tambrands. Age 55.

Jonathan Jowett
Company Secretary
Appointed in June 1999. Qualified as a solicitor in 1989, and has previously worked for Avon Cosmetics and Alumasc Group plc. Age 39.

† Chairman of Remuneration Committee and Senior Independent Non-Executive Director.
†† Chairman of Audit Committee.
NB All Non-Executive Directors sit on the Audit, Remuneration and Nomination Committees. Ian Martin chairs the latter.




Brian Buchan
Garry Watts
Steven Eastwood
Andrew Slater


Ian Martin
Eric Anstee



Bernd Beetz
Timothy Howden
Peter Read



Rodney Sellers
Alain Strasser
Jonathan Jowett