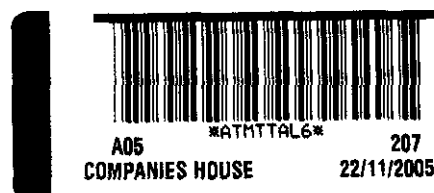


Phoenix Medical Supplies Limited

Annual report and Financial Statements

31 January 2005



Phoenix Medical Supplies Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS 2005

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Phoenix Medical Supplies Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H Iberl
R Pohl
Dr R Rupp
K J Black
D R Cole
K R Hudson
B K Richter
P J Smith
N R Topping
A S Young

SECRETARY

D A Goult

REGISTERED OFFICE

Rivington Road
Whitehouse Industrial Estate
Runcorn
Cheshire
WA7 3DJ

AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

Phoenix Medical Supplies Limited

DIRECTORS' REPORT

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

ACTIVITIES

The principal activity of the company is to act as a holding company of other companies which either supply pharmaceutical products, surgical and medical equipment to retail chemists, doctors and health centres, or operate retail pharmacies.

SHARE CAPITAL

Details of changes in share capital are as follows:

16 September 2004 – 2,260,000 ordinary shares of £1 each issued at a premium of £10 per share.

31 January 2005 – 338,000 ordinary shares of £1 each issued at a premium of £10 per share.

The proceeds of the share issues have been used to fund the ongoing acquisition of entities in the UK.

BUSINESS REVIEW AND RESULTS

The profit and loss account of the company is shown on page 6. Going forward, the directors expect activity to continue at a similar level to the current year.

Subsequent to the year end on 6 October 2005, the company acquired a controlling interest in Numark plc following a cash offer for the entire share capital issued and not already owned by the Phoenix Medical group of companies. Numark plc is an Industrial and Provident Society.

No dividends have been paid or proposed for the year (2004 - £nil).

DIRECTORS

The directors who served during the year, and subsequently, were as follows:

Dr B Scheifele (German) (resigned 31 May 2005)

Dr R Rupp (appointed 31 May 2005)

H Iberl (German)

Dr L Näger (German) (resigned 31 May 2005)

R Pohl (German)

K J Black

D R Cole

K R Hudson

B K Richter (German)

P J Smith

N R Topping

A S Young

DIRECTORS' INTERESTS

None of the directors who held office at 31 January 2005 and at 31 January 2004 had any interests requiring disclosure under Schedule 7 of the Companies Act 1985.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

DIRECTORS' REPORT (continued)

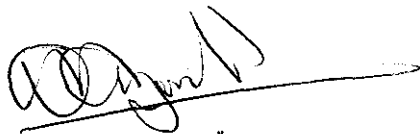
EMPLOYEE CONSULTATION

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and the company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

AUDITORS

The company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'D A Gault', with a long horizontal line extending to the right.

D A Gault

Secretary

17 November 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.*

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PHOENIX MEDICAL SUPPLIES LIMITED

We have audited the financial statements of Phoenix Medical Supplies Limited for the year ended 31 January 2005, which comprise the profit and loss account, the balance sheet and the related notes numbered 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 January 2005 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Birmingham

17 November 2005

Phoenix Medical Supplies Limited

PROFIT AND LOSS ACCOUNT Year ended 31 January 2005

	Note	Year ended 31 January 2005 £'000	Year ended 31 January 2004 £'000
Other operating expenses (net)	2	(3,981)	(1,417)
OPERATING LOSS		(3,981)	(1,417)
Income from joint ventures	20	117	209
LOSS ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES		(3,864)	(1,208)
Finance income (net)	3	7,174	2,807
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,310	1,599
Tax on profit on ordinary activities	7	(951)	(1,786)
PROFIT/(LOSS) FOR THE YEAR	16	2,359	(187)

The accompanying notes are an integral part of this profit and loss account.

There were no recognised gains or losses other than the result for the years. Consequently, a statement of total recognised gains and losses has not been presented.

All activities are derived from continuing operations.

Phoenix Medical Supplies Limited

BALANCE SHEET

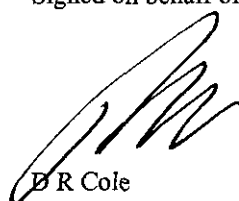
31 January 2005

	Note	31 January 2005 £'000	31 January 2004 £'000
FIXED ASSETS			
Tangible fixed assets	9	12,785	13,100
Investments	10	88,031	88,031
		<u>100,816</u>	<u>101,131</u>
CURRENT ASSETS			
Debtors	11	180,901	155,765
Cash at bank and in hand		46,306	58,299
		<u>227,207</u>	<u>214,064</u>
CREDITORS: amounts falling due within one year	12	<u>(10,019)</u>	<u>(85,086)</u>
NET CURRENT ASSETS		<u>217,188</u>	<u>128,978</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		318,004	230,109
CREDITORS: amounts falling due after more than one year	13	(146,093)	(89,223)
PROVISIONS FOR LIABILITIES AND CHARGES	14	<u>(136)</u>	<u>(49)</u>
NET ASSETS		<u>171,775</u>	<u>140,837</u>
CAPITAL AND RESERVES			
Called up share capital	15	16,757	14,158
Share premium account	16	167,565	141,585
Profit and loss account - deficit	16	<u>(12,547)</u>	<u>(14,906)</u>
SHAREHOLDERS' FUNDS, ALL EQUITY	17	<u>171,775</u>	<u>140,837</u>

The accompanying notes are an integral part of this balance sheet.

These financial statements were approved by the Board of Directors on 17 November 2005.

Signed on behalf of the Board of Directors



D R Cole

Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 January 2005

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

No cash flow statement is presented under the provisions of Financial Reporting Standard 1 (Revised) – ‘Cash flow statements’ as consolidated financial statements in which the results of the company are included are publicly available.

The company has not prepared consolidated financial statements because it is a wholly-owned subsidiary undertaking of a company incorporated in the European Community, which itself prepares consolidated financial statements.

Investments

Fixed asset investments and the company’s investments in the joint venture are shown at cost less provision for impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	2% per annum
Fixtures and fittings	10% to 33% per annum

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

The company is part of a UK group and accordingly may utilise the group relief provisions whereby current taxable profits can be offset by current tax losses arising in other group companies in the UK. The group has a policy that payment is made or received for tax losses received from, or surrendered to, other group companies.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company’s taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 January 2005

1. ACCOUNTING POLICIES (continued)

Pension costs and other post-retirement benefits

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working lives of scheme members. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company in separate trustee administered funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 January 2005

2. OTHER OPERATING EXPENSES (NET)

	Year ended 31 January 2005 £'000	Year ended 31 January 2004 £'000
Administrative expenses	7,793	4,767
Other operating income	(3,812)	(3,350)
	<u>3,981</u>	<u>1,417</u>

3. FINANCE INCOME (NET)

	Year ended 31 January 2005 £'000	Year ended 31 January 2004 £'000
Investment income		
Interest receivable from group undertakings	21,322	15,585
Interest receivable from related parties	-	45
	<u>21,322</u>	<u>15,630</u>
Interest payable and similar charges		
Bank loans and overdrafts	(10,031)	(6,405)
Interest payable to group undertakings	(4,117)	(3,071)
Exchange loss on foreign currency borrowings	-	(3,347)
	<u>(14,148)</u>	<u>(12,823)</u>
Finance income (net)	<u>7,174</u>	<u>2,807</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	Year ended 31 January 2005 £'000	Year ended 31 January 2004 £'000
Depreciation and amounts written off tangible fixed assets		
- owned	308	276
Operating lease rentals		
- other	131	139
Auditors' remuneration for audit services	28	27
Auditors' remuneration for non-audit services	160	61
	<u></u>	<u></u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 January 2005

5. STAFF COSTS

The average monthly number of employees (including executive directors) was:

	Year ended 31 January 2005 Number	Year ended 31 January 2004 Number
Administration	55	52

Their aggregate remuneration comprised:

	Year ended 31 January 2005 £'000	Year ended 31 January 2004 £'000
Wages and salaries	4,230	2,013
Social security costs	541	256
Pension costs (see note 21)	147	213
	<u>4,918</u>	<u>2,482</u>

6. DIRECTORS' REMUNERATION AND TRANSACTIONS

Remuneration

The remuneration of the directors was as follows:

	Year ended 31 January 2005 £'000	Year ended 31 January 2004 £'000
Emoluments	2,733	2,515
Company contributions to defined contribution pension schemes	2	2
	<u>2,735</u>	<u>2,517</u>

Pensions

The number of directors who were members of pension schemes was as follows:

	Year ended 31 January 2005 Number	Year ended 31 January 2004 Number
Money purchase schemes	1	1
Defined benefit schemes	4	5

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 31 January 2005

6. DIRECTORS' REMUNERATION AND TRANSACTIONS (Continued)

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	Year ended 31 January 2005 £'000	Year ended 31 January 2004 £'000
Emoluments	499	459

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 31 January 2005 was £65,732 (year ended 31 January 2004 - £36,644).

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	Year ended 31 January 2005 £'000	Year ended 31 January 2004 £'000
Current tax		
UK Corporation tax	964	(1,133)
Adjustments in respect of prior years		
- UK corporation tax	(100)	233
Total current tax	864	(900)
Deferred tax		
Origination and reversal of timing differences	84	1,655
Adjustments in respect of prior years	3	1,031
Total deferred tax charge (see note 14)	87	2,686
Total tax charge on profit on ordinary activities	951	1,786

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 January 2005

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)

The difference between the total current year corporation tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	Year ended 31 January 2005 £'000	Year ended 31 January 2004 £'000
Profit on ordinary activities before tax	3,310	1,599
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2004 – 30%)	993	480
Effects of:		
Expenses not deductible for tax purposes	89	105
Capital allowances greater than depreciation	(26)	(22)
Movement on short term timing differences	-	(1,633)
UK dividend income	(35)	(63)
Adjustments to tax charge in respect of previous periods	(100)	233
Utilisation of losses brought forward	(57)	-
Current tax charge for year	864	(900)

It is expected that the company will pay corporation tax at the standard rate going forward.

8. DIVIDENDS PAID AND PROPOSED

There were no dividends paid or proposed for the year (year ended 31 January 2004 – £nil).

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 February 2004	13,176	543	13,719
Additions	-	40	40
Disposals	(51)	-	(51)
At 31 January 2005	13,125	583	13,708
Depreciation			
At 1 February 2004	443	176	619
Charge for the year	230	78	308
Disposals	(4)	-	(4)
At 31 January 2005	669	254	923
Net book value			
At 31 January 2005	12,456	329	12,785
At 31 January 2004	12,733	367	13,100

Included within freehold land and buildings is £3,085,500 (31 January 2004 - £3,085,500) of land, which is not depreciated.

Phoenix Medical Supplies Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 31 January 2005

10. FIXED ASSET INVESTMENTS

Cost and net book value	Investments in subsidiaries £'000	Investment in joint ventures £'000	Total £'000
At 1 February 2004 and 31 January 2005	88,006	25	88,031

Investments in subsidiaries

The company has wholly owned investments in the following subsidiary undertakings all of which are incorporated in England and Wales. To avoid a statement of excessive length, details concerning investments which are not significant have been omitted.

Company Name	Principal activity
* Phoenix Healthcare Distribution Limited	Pharmaceutical wholesale
* L Rowland & Company Limited	Holding company
L Rowland & Company (Retail) Limited	Pharmaceutical retail

* Denotes subsidiaries held directly by the company.

10. FIXED ASSET INVESTMENTS (continued)

Investments in joint ventures

At the balance sheet date, the company owned 50% of the ordinary share capital of Numark Trading Limited. The principal activity of the company is the supply of 'over the counter' pharmaceuticals and other products for the retail chemists sector in the UK.

11. DEBTORS

	2005 £'000	2004 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	179,290	155,551
Amounts owed by related parties	-	45
Other debtors	40	32
Prepayments and accrued income	821	137
	<u>180,151</u>	<u>155,765</u>
Amounts falling due after more than one year:		
Other debtors	750	-
Total debtors	<u>180,901</u>	<u>155,765</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 January 2005

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£'000	£'000
Bank loans and overdrafts	642	68,424
Trade creditors	47	84
Amounts owed to group undertakings	4,216	13,589
Amounts owed to related parties	31	-
UK corporation tax	1,658	135
Other taxes and social security	57	76
Other creditors	8	5
Accruals and deferred income	3,360	2,773
	<u>10,019</u>	<u>85,086</u>

The bank loans and overdrafts consist of:

	2005	2004
	£'000	£'000
Bank loans - repayable by instalments (note 13)	642	339
Other bank loans	-	68,085
	<u>642</u>	<u>68,424</u>

The other bank loans have been guaranteed by Phoenix Pharmahandel Aktiengesellschaft and Co. KG. The range of interest rates charged is 4.21% to 6.05%.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 January 2005

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005	2004
	£'000	£'000
Due between one and two years		
Bank loans repayable by instalments	682	357
Due between two and five years		
Bank loans repayable by instalments	2,316	1,191
Bank loans	41,392	41,392
	<u>43,708</u>	<u>42,583</u>
Due after more than five years		
Bank loan repayable by instalments	3,850	1,880
Amounts owed to group undertakings	97,853	44,403
	<u>101,703</u>	<u>46,283</u>
Total	<u>146,093</u>	<u>89,223</u>

Bank loans – repayable by instalments

The range of interest rates charged is 1.25% and 1.50% above base rate. The loans are secured on the freehold properties owned by Phoenix Medical Supplies Limited.

Bank loans due between two and five years

The range of interest rates charged is 6.00% to 7.66%. The loans have been guaranteed by Phoenix Pharmahandel Aktiengesellschaft & Co KG.

Amounts owed to group undertakings

This amount is owed to the company's immediate parent. Interest is charged at 5.97%.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 January 2005

14. PROVISIONS FOR LIABILITIES AND CHARGES

	2005 £'000	2004 £'000
Deferred tax provision	136	49
The movement on deferred tax is as follows:		
		Deferred taxation £'000
At 1 February 2004		(49)
Charge to profit and loss account (note 7)		(87)
At 31 January 2005		(136)

There is no unprovided deferred tax at either year end.

Deferred tax is recognised as follows:

	2005 £'000	2004 £'000
Timing differences on capital allowances	(152)	(65)
Other timing differences	16	16
	(136)	(49)

15. CALLED UP SHARE CAPITAL

	2005 £'000	2004 £'000
<i>Authorised</i>		
30,000,000 (2004 - 14,800,000) ordinary shares of £1 each	30,000	14,800
<i>Allotted, called up and fully paid</i>		
16,756,500 (2004 - 14,158,500) ordinary shares of £1 each	16,757	14,158

Details of changes in share capital are as follows:

16 September 2004 - 2,260,000 ordinary shares of £1 each, issued at a premium of £10 per share.

31 January 2005 - 338,000 ordinary shares of £1 each, issued at a premium of £10 per share.

16. RESERVES

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 February 2004	141,585	(14,906)	126,679
Shares issued	25,980	-	25,980
Profit for the year	-	2,359	2,359
At 31 January 2005	167,565	(12,547)	155,018

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 January 2005

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2005 £'000	2004 £'000
Profit/(loss) for the period	2,359	(187)
New shares issued	28,579	11,731
Net addition to shareholders' funds	30,938	11,544
Opening shareholders' funds	140,837	129,293
Closing shareholders' funds	171,775	140,837

18. FINANCIAL COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	2005 Other £'000	2004 Other £'000
Expiry date:		
- within one year	38	5
- between two and five years	91	83
	129	88

19. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is ultimately owned and controlled by Phoenix Pharmahandel Aktiengesellschaft & Co KG incorporated in Germany, the principal place of business of which is Pfingstweidstrasse 10 – 12, 68199 Mannheim, Germany. That company prepares consolidated financial statements which are available to the public from the aforementioned address. The immediate parent company is Phoenix International Beteiligungs GmbH.

20. RELATED PARTY TRANSACTIONS

The company entered into the following transactions with its joint venture undertaking, Numark Trading Limited. The amounts owed by Numark Trading Limited have been included in note 11.

	Year ended 31 January 2005 £'000	Year ended 31 January 2004 £'000
Management fees receivable	252	240
Interest income	-	45
Dividend income	117	209
	369	494

Related party transactions with other group members are not disclosed as 100% of the voting rights are controlled within the group and consolidated financial statements are publicly available.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 31 January 2005

21. PENSION ARRANGEMENTS

Defined Contribution Scheme:

The assets of the scheme are held separately from those of the company, in an independently administered fund. The pension costs amounted to £23,000 (year ended 31 January 2004 - £10,000)

Defined Benefit Schemes:

Phoenix Medical Supplies Limited Pension Scheme

The company pays contributions to this defined benefit scheme, for a number of employees. This is a multi-employer scheme, the assets and liabilities being held independently from the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. The total charge for the year was £19,000 (year ended 31 January 2004 - £12,000). Details of the Phoenix Medical Supplies Limited Pension Scheme are disclosed in the financial statements of Phoenix Healthcare Distribution Limited. The deficit on this Scheme amounted to £1,768,000 (2004 - £1,201,000) at the year end on an FRS17 basis.

L Rowland & Co Limited Retirement Benefits Scheme

The company also pays contributions to the L Rowland & Company Limited defined benefit scheme, for a number of employees. This is a multi-employer scheme, the assets and liabilities being held independently from the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. The total charge for the year was £105,000 (year ended 31 January 2004 - £191,000). Details of the L Rowland & Co Limited Retirement Benefit Scheme are disclosed in the financial statements of L Rowland & Company (Retail) Limited. The net deficit on the Scheme amounted to £2,478,000 (2004 - £2,275,000) at the year end on an FRS17 basis.

The value of accrued pension contributions was £Nil (2004 - £55,000).

22. GUARANTEES

The company has given cross guarantees to certain banks in respect of other companies within the Phoenix UK Group.

23. POST BALANCE SHEET EVENT

Subsequent to the year end on 6 October 2005, the company acquired a controlling interest in Numark plc following a cash offer for the entire share capital issued and not already owned by the Phoenix Medical group of companies. Numark plc is an Industrial and Provident Society.