

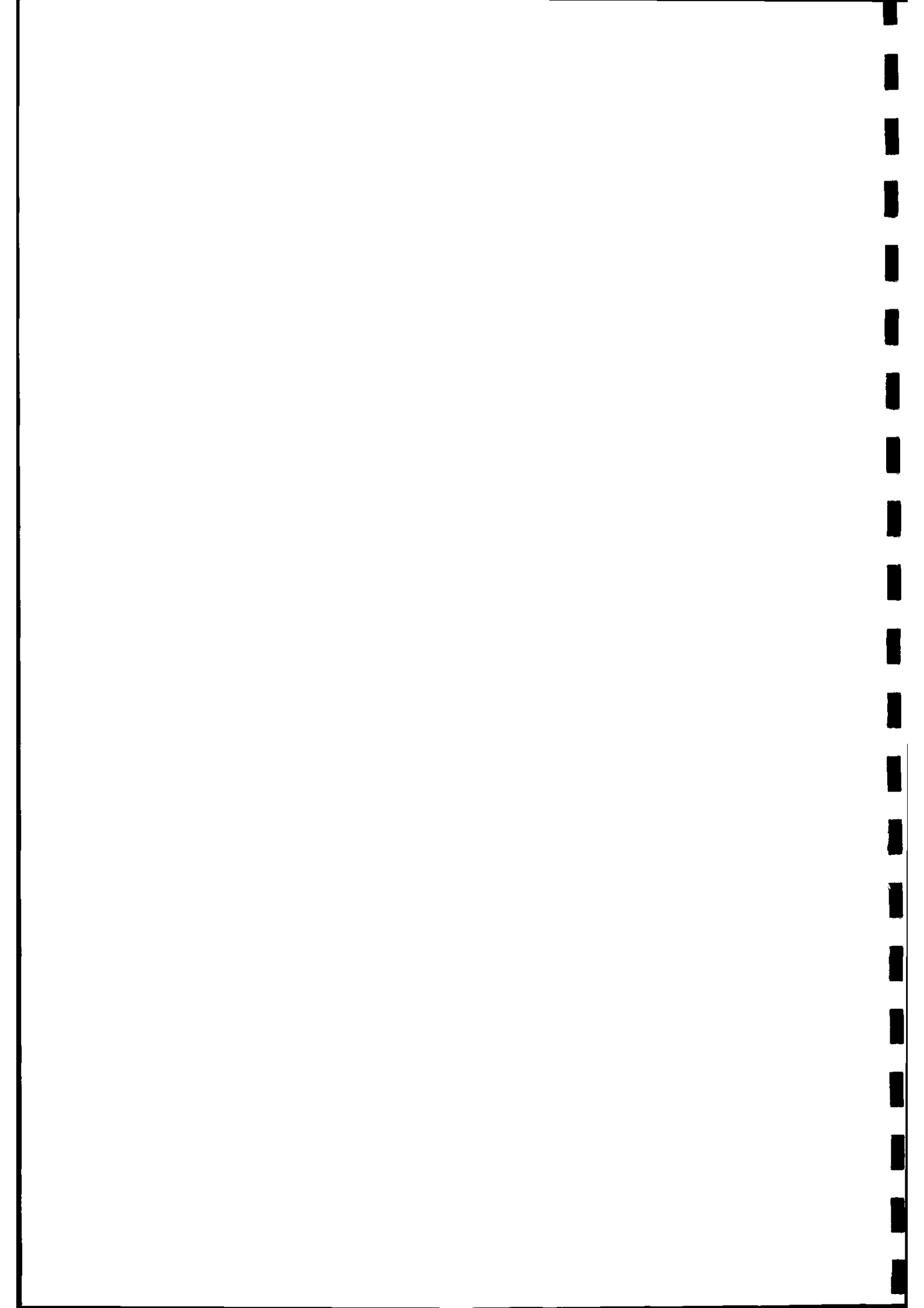
Sangers (Northern Ireland) Limited

Directors' report and financial statements

Year ended 30 September 2012

Company registration number NI18941





Sangers (Northern Ireland) Limited

Directors' report and financial statements

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Sangers (Northern Ireland) Limited

Directors and other information

Directors

E Bleakley
S Coyle (appointed 12 November 2012)
L FitzGerald
D Jackson
R D Kells, OBE (retired 07 February 2012)
P Lemon
J Malcolm (retired 04 April 2012)
N Meier
A Ralph
P R Surgenor

Secretary

P R Surgenor

Registered office

2 Marshalls Road
Belfast
BT5 6SR

Solicitors

DAC Beachcroft LLP
100 Fetter Lane
London
EC4A 1BN

Bankers

Northern Bank
520 Upper Newtownards Road
Belfast
BT4 3HD

Auditors

KPMG
Stokes House
17/25 College Square East
Belfast

Company registration number

NI 18941

Sangers (Northern Ireland) Limited

Directors' report

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30 September 2012.

Principal activities and business review

The principal activities of the Company during the year continued to be the wholesale and distribution of pharmaceutical and over the counter products.

The results for the Company show a pre-tax profit of £8,579,990 (2011: £5,737,211). Dividends of £6,000,000 were paid during the year (2011: £3,000,000).

Future outlook

The Directors consider that both the results for the year and trading prospects are satisfactory and it is the Directors' intention to develop the present activities of the Company.

Principal risks and uncertainties

The Company has a comprehensive system of risk management and internal controls.

Risk management is an integral part of the Company's business process. A detailed risk register is maintained and plans to address the identified risks are updated and reviewed by the executive Directors on a regular basis.

The risks and uncertainties which are currently judged to have the largest impact on the Company's performance are noted below.

The Company faces competition in its various markets and if it fails to compete successfully market share and profitability may decline.

Distribution of third party products by the Company is currently by agreement. There is no certainty that these agreements will be renewed when they expire, which could lead to declines in sales and profitability.

Changes in government regulations, in the healthcare and pharmaceutical sector, may adversely affect the Company.

Should the Company not be able to fulfil the demand for its products due to circumstances such as the loss of a storage facility or disruptions to its supply chains, sales volumes and profitability could be affected.

The Company's IT facilities could be subject to hacking or viruses, which could result in downtime, which in turn could lead to declines in sales and profitability.

The success of the Company is built upon a strong, effective management team committed to achieving a superior performance. The loss of key personnel could for a time have a significant impact on business performance.

Sangers (Northern Ireland) Limited

Directors' report *(continued)*

Key performance indicators

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Financial risk management

The management of the financial risks facing the Company is governed by policies reviewed and approved by the Board of Directors. These policies primarily cover liquidity risk, credit risk, interest rate risk and currency risk. The primary objective of the Company's policies is to minimise financial risk at reasonable cost. The Company does not trade in financial instruments. The Company uses cash resources and borrowings at prevailing rates to finance its operations. Trade debtors and creditors arise directly from operations on normal terms. The Company's exposure to price risk of financial instruments is therefore minimal.

The Company ensures that it has sufficient financing facilities available through cash flow generated from operating activities and banking facilities to meet its projected short and medium term funding requirements and avails of market interest rates. It has not entered into any long term borrowing arrangements.

The majority of the Company's activities are conducted in sterling, with the amount of trade in other currencies being minimal. Therefore the currency risk to the Company is minimal.

Fixed assets

In the Directors' opinion, the market value of the freehold premises is not materially different from the historical value shown in the financial statements.

Payments to suppliers

Company policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction, to ensure suppliers are made aware of these terms and to abide by them. At 30 September 2012, the Company's level of 'creditor days' amounted to 53 days (2011: 54 days).

Directors

The Directors who held office during the year were:

E Bleakley
L FitzGerald
D Jackson
R D Kells, OBE
P Lemon
J Malcolm
N Meier
A Ralph
P R Surgenor

Sangers (Northern Ireland) Limited

Directors' report *(continued)*

Directors' interests

None of the Directors had a material interest at any time during the year in any contract of significance in relation to the Company's business or any other material interest, required by law to be disclosed, in any transaction or arrangement with the Company.

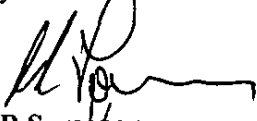
Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG will therefore continue in office.

By order of the Board


PR Surgehor
Director

17 December 2012

Sangers (Northern Ireland) Limited

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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


Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the Board



PR Surgenor
Director

17 December 2012



KPMG
Chartered Accountants
Stokes House
17-25 College Square East
Belfast BT1 6DH
Northern Ireland

Independent auditors' report to the members of Sangers (Northern Ireland) Limited

We have audited the financial statements of Sangers (Northern Ireland) for the year ended 30 September 2012 set out on pages 8 to 31 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



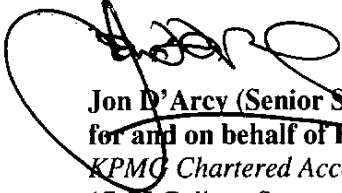
KPMG
Chartered Accountants
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Belfast BT1 6DH
Northern Ireland

Independent auditors' report to the members of Sangers (Northern Ireland) Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Jon D'Arcy (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
KPMG Chartered Accountants
17-25 College Square East
Belfast

22 March 2013

Sangers (Northern Ireland) Limited

Profit and loss account

Year ended 30 September 2012

	Note	2012 £	2011 £
Turnover – continuing operations	2	223,284,365	215,393,280
Cost of sales		(209,698,466)	(202,368,820)
		<hr/>	<hr/>
Gross profit		13,585,899	13,024,460
Distribution costs		(1,822,988)	(1,924,742)
Administrative expenses		(7,363,037)	(8,451,604)
Other operating income		1,896,653	2,222,688
		<hr/>	<hr/>
Operating profit – continuing operations		6,296,527	4,870,802
Interest receivable and similar income	4	3,540,611	2,036,532
Other finance income	4	701,000	672,000
Interest payable and similar charges	4	(1,203,148)	(1,104,123)
Other finance costs	4	(755,000)	(738,000)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		8,579,990	5,737,211
Tax on profit on ordinary activities	5	(1,169,216)	(1,253,118)
		<hr/>	<hr/>
Profit for the financial year	15	7,410,774	4,484,093
		<hr/>	<hr/>

There is no material difference between the Company's results as reported and on a historical cost basis for the year and the previous year. Accordingly, no note of historical cost profits and losses has been prepared.

All reported results arise from continuing operations.

The notes on pages 11 to 31 form part of these financial statements.

Sangers (Northern Ireland) Limited

Statement of total recognised gains and losses *Year ended 30 September 2012*

	2012 £	2011 £
Profit for the financial year	7,410,774	4,484,093
Actuarial loss on pension scheme	(1,119,000)	(32,000)
Related deferred tax	185,120	(98,000)
	<hr/>	<hr/>
Total recognised gains for the year	6,476,894	4,354,093
	<hr/>	<hr/>

The notes on pages 11 to 31 form part of these financial statements.

Sangers (Northern Ireland) Limited

Balance sheet

At 30 September 2012

	Note	2012 £	2011 £
Fixed assets			
Intangible assets	7	54,312	61,720
Tangible assets	8	10,757,145	8,063,106
Investments	9	978,406	978,406
		<u>11,789,863</u>	<u>9,103,232</u>
Current assets			
Stocks	10	11,982,177	13,523,888
Debtors	11	51,587,806	52,257,282
Cash at bank and in hand		9,076,043	9,918,678
		<u>72,646,026</u>	<u>75,699,848</u>
Creditors: Amounts falling due within one year	12	<u>(72,026,144)</u>	<u>(72,555,613)</u>
Net current assets		<u>619,882</u>	<u>3,144,235</u>
Net assets excluding pension liabilities		<u>12,409,745</u>	<u>12,247,467</u>
Pension liabilities			
Total of defined benefit schemes: with net liabilities	19	<u>(2,312,350)</u>	<u>(2,635,000)</u>
Net assets including pension liabilities		<u>10,097,395</u>	<u>9,612,467</u>
Capital and reserves			
Called up share capital	14	100	100
Capital contribution	16	399,455	391,421
Profit and loss account	15	9,697,840	9,220,946
Shareholders' funds	17	<u>10,097,395</u>	<u>9,612,467</u>

These financial statements were approved by the Board of Directors on 17 December 2012 and signed on their behalf by:



Peter Surgenor
Director

Company registration number: NI18941

The notes on pages 11 to 31 form part of these financial statements.

Sangers (Northern Ireland) Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The Company has applied the transitional rules contained within FRS 15 'Tangible fixed assets' to retain previous valuations as the basis on which certain assets are held.

Under Financial Reporting Standard No. 1 the Company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Consolidated financial statements

The Company does not prepare consolidated financial statements as consolidated financial statements are prepared by the parent undertaking, United Drug plc, of which the Company is a 100% subsidiary undertaking.

Going concern

The Directors consider, having taken into account all the information that could reasonably be expected to be available, that the Company will have sufficient cash flow to enable it to meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Company's financial statements.

Turnover

Turnover is stated net of trade discounts, value added tax and similar taxes and derives from the provision of goods falling within the Company's ordinary activities.

Goodwill

Goodwill is the difference between the fair value of the consideration given on the acquisition of a business and the aggregate fair value of the separate net assets acquired.

Goodwill arising on acquisitions prior to 31 December 1997 was either set off directly against reserves or amortised through the profit and loss account over the Directors' estimate of its useful life. (In all cases this was deemed to be less than 20 years). Goodwill previously eliminated against reserves has not been reinstated on implementation of Financial Reporting Standard No.10.

In all other cases goodwill is being amortised through the profit and loss account in equal instalments over its estimated economic life of up to a maximum of 20 years on a straight-line basis.

Goodwill is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill, whether written off directly to reserves, or amortised through the profit and loss account, is taken into consideration, when that part of the business which caused the initial entry is subsequently sold or closed, in determining the profit or loss on the disposal.

Sangers (Northern Ireland) Limited

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets

Land and buildings

Land and buildings are stated at cost. The Company has adopted the transitional arrangements under FRS 15 'Tangible fixed assets' and has decided to retain the carrying value of land and buildings at the existing valuation figure. A review of the carrying value of land and buildings will continue to be undertaken every five years, with any impairment in value recognised in the year. Freehold land and buildings are depreciated over their expected useful life of 50 years.

Other fixed assets and depreciation

All other tangible fixed assets are initially recorded at historic cost.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	10% - 20%
Motor vehicles	-	20% - 25%

The interest cost incurred on land and buildings during their development is capitalised and included within the cost of the relevant asset, where the purchase is financed by specific borrowings.

Investments

Investments are shown at cost less provision for permanent diminution in value. Income from investments, together with any related tax credit, is recognised in the profit and loss account in the year in which it is receivable.

Stock

Stocks are valued at the lower of current replacement cost and net realisable value. Current replacement cost does not differ materially from historic cost.

Taxation

The charge for taxation is based on the profit/loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Pension costs

The Company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Sangers (Northern Ireland) Limited

Notes (continued)

1 Accounting policies (continued)

Equity settled share based payment transactions

The Company's ultimate parent, United Drug plc, operates share option schemes which allow employees of the Group to acquire shares in United Drug plc. They are all equity settled arrangements under FRS 20 'Share-based payments'. Where United Drug plc grants options over its shares to employees of a subsidiary company, the fair value of share entitlements granted is recognised as an employee expense in the profit and loss account with a corresponding increase in a capital contribution reserve. The fair value is determined by an external valuer using a binomial model. Share entitlements granted by United Drug plc are subject to certain non-market based vesting conditions. Non-market vesting conditions are not taken into account when estimating the fair value of entitlements as at the grant date. The expense for the share entitlements shown in the profit and loss account is based on the fair value of the total number of entitlements expected to vest and is allocated to accounting periods on a straight line basis over the vesting period. The cumulative charge to the profit and loss account is only reversed where entitlements do not vest because all non-market performance conditions have not been met or where an employee in receipt of share entitlements leaves the Company before the end of the vesting period.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

2 Turnover and segmental information

Turnover represents sales of pharmaceutical and over the counter products within Northern Ireland.

3 Notes to the profit and loss account

Profit on ordinary activities before taxation is stated after charging:

	2012	2011
	£	£
Auditors' remuneration		
- for audit of these financial statements	20,000	33,518
- for other services	-	-
Depreciation and other amounts written off		
tangible fixed assets:	735,286	815,669
Amortisation of goodwill	7,408	7,406
Hire of motor vehicles - operating leases	337,516	345,766
(Profit)/Loss on sale of fixed assets	(10,122)	9

Sangers (Northern Ireland) Limited

Notes (continued)

4 Interest payable/receivable and similar charges

Other interest receivable and similar income

	2012 £	2011 £
Bank interest	40,611	36,532
Dividend income	3,500,000	2,000,000
	<hr/>	<hr/>
	3,540,611	2,036,532
	<hr/>	<hr/>

Other finance income

	2012 £	2011 £
Expected return on pension scheme assets	701,000	672,000
	<hr/>	<hr/>

Interest payable and similar charges

	2012 £	2011 £
Bank interest on loans and overdrafts wholly repayable within five years	15	14
Loan interest	1,203,133	1,104,109
	<hr/>	<hr/>
	1,203,148	1,104,123
	<hr/>	<hr/>

Other finance costs

	2012 £	2011 £
Interest on pension scheme liabilities	755,000	738,000
	<hr/>	<hr/>

Sangers (Northern Ireland) Limited

Notes (continued)

5 Tax on profit on ordinary activities

<i>Analysis of charge in year</i>	2012 £	2011 £
<i>UK corporation tax:</i>		
Current tax on profit of the year	863,903	1,075,621
Adjustments in respect of previous years	(13,900)	(8,703)
	<hr/>	<hr/>
Total current tax	850,003	1,066,918
	<hr/>	<hr/>
<i>Deferred tax (see note 13)</i>		
Origination and reversal of timing differences	93,719	(38,910)
Adjustments to the estimated recoverable amount of deferred tax liabilities arising in previous periods	(158,346)	191,876
Impact of the reduction in tax rates	8,250	7,234
	<hr/>	<hr/>
	(56,377)	160,200
Other timing differences	375,590	26,000
	<hr/>	<hr/>
Total deferred tax	319,213	186,200
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	1,169,216	1,253,118
	<hr/>	<hr/>

Sangers (Northern Ireland) Limited

Notes (continued)

5 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2011: lower) than the standard rate of corporation tax in the UK 25% (2011: 27%). The differences are explained below:

	2012 £	2011 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	8,579,990	5,737,211
	<hr/>	<hr/>
Current tax at 25% (2011: 27%)	2,144,998	1,549,047
<i>Effects of:</i>		
Expenses not deductible for tax purposes	22,231	12,613
Capital allowances in excess of depreciation	(20,389)	67,200
Other timing differences	(407,937)	(13,239)
Adjustments to tax charge in respect of previous periods	(13,900)	(8,703)
Non taxable dividend income	(875,000)	(540,000)
	<hr/>	<hr/>
Total current tax charge	850,003	1,066,918
	<hr/>	<hr/>

Factors affecting tax charge for future years

The UK Budget in 2012 announced that the UK corporation tax rate was to reduce to 21% over a period of three years from 2012. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted in July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted in March 2011 and July 2011 respectively. The Finance Act 2012, which was substantively enacted on 17 July 2012, amended the main rate of corporation tax to 24% effective from 1 April 2012 and to 23% effective from 1 April 2013. This will reduce the group's future current tax charge accordingly.

UK deferred tax balances have been calculated based on the rate of 23% substantively enacted at the reporting date.

Sangers (Northern Ireland) Limited

Notes (continued)

6 Directors and employees

- (i) The average number of persons employed (FTE's) by the Company (including executive Directors) during the year, analysed by category, was as follows:

	2012 No.	2011 No.
Warehouse & Selling	128	125
Delivery	52	51
Administration	55	54
	<hr/>	<hr/>
	235	230
	<hr/>	<hr/>

- (ii) The aggregate payroll costs of these persons were as follows:

	2012 £	2011 £
Wages and salaries	5,463,931	5,449,842
Social security costs	526,751	522,183
Share based payment expense (Note 20)	8,034	47,565
Other pension costs		
Defined Benefit Scheme (Note 19)	(1,157,000)	386,000
Defined Contributions Scheme	11,766	56,239
Fees	110,873	118,998
	<hr/>	<hr/>
	4,964,355	6,580,827
	<hr/>	<hr/>

- (iii) Remuneration of Directors:

	2012 £	2011 £
Directors' emoluments (excluding pension contributions)	555,593	592,971
	<hr/>	<hr/>

The emolument of the highest paid Director was £158,330 (2011: £171,647).

Retirement benefits are accruing to the following number of Directors under:

	2012 No.	2011 No.
Defined benefit schemes	5	6
	<hr/>	<hr/>

Sangers (Northern Ireland) Limited

Notes (continued)

7 Intangible assets

	Goodwill £	Total £
<i>Cost</i>		
At beginning of year	181,362	181,362
Additions	-	-
	<hr/>	<hr/>
At end of year	181,362	181,362
	<hr/>	<hr/>
<i>Amortisation</i>		
At beginning of year	119,642	119,642
Charged in year	7,408	7,408
	<hr/>	<hr/>
At end of year	127,050	127,050
	<hr/>	<hr/>
Net book value		
At 30 September 2012	54,312	54,312
	<hr/>	<hr/>
At 30 September 2011	61,720	61,720
	<hr/>	<hr/>

Sangers (Northern Ireland) Limited

Notes (continued)

8 Fixed assets

(i) Tangible fixed assets

	<i>Freehold land</i> £	<i>Freehold buildings</i> £	<i>Plant and machinery</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost					
At beginning of year	23,500	8,530,946	8,006,713	326,843	16,888,002
Additions	-	2,127,954	1,307,087	5,150	3,440,191
Disposals	-	(20,352)	(481,305)	(161,950)	(663,607)
At end of year	23,500	10,638,548	8,832,495	170,043	19,664,586
Depreciation					
At beginning of year	-	1,920,413	6,623,572	280,911	8,824,896
Charge for year	-	130,557	592,304	12,425	735,286
On disposals	-	(20,352)	(470,439)	(161,950)	(652,741)
At end of year	-	2,030,618	6,745,437	131,386	8,907,441
Net book value					
At 30 September 2012	23,500	8,607,930	2,087,058	38,657	10,757,145
At 30 September 2011	23,500	6,610,533	1,383,141	45,932	8,063,106

Included in the net book value of motor vehicles is £Nil (2011: £Nil) in respect of leased assets. Depreciation for the year on these assets was £Nil (2011: £Nil).

Sangers (Northern Ireland) Limited

Notes (continued)

9 Investments

	2012 £	2011 £
Investments in joint ventures	200,500	200,500
Investments in subsidiary undertakings	777,906	777,906
	<hr/>	<hr/>
	978,406	978,406
	<hr/>	<hr/>

The principal companies in which the Company's interests at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Blackstaff Pharmaceuticals Limited	United Kingdom	Dormant	100% ordinary
J Bradbury Surgical Limited	Northern Ireland	Dormant	100% ordinary
Prima Brands Limited	Northern Ireland	Wholesale distribution of pharmaceutical products	100% ordinary
<i>Participating interests</i>			
Unidrug Distribution Group Limited	United Kingdom	Warehousing and distribution of prescription drugs and over the counter medicines	50% ordinary*
Pharma Services (NI) Limited	Northern Ireland	Installation of PMR systems into pharmaceutical retail outlets	50% ordinary**

* Joint venture arrangement between United Drug plc (with Sangers (Northern Ireland) Limited as the nominee shareholder) and Switzerland-based Alloga.

** Joint venture between Sangers (Northern Ireland) Limited and McLernons Computers (NI) Limited.

Sangers (Northern Ireland) Limited

Notes (continued)

10 Stock

	2012 £	2011 £
Finished goods and goods for resale	11,982,177	13,523,888

In the opinion of the Directors, the replacement value of stocks is not materially different from the above amounts.

11 Debtors

	2012 £	2011 £
Trade debtors	37,529,851	37,467,050
Amounts owed by parent undertakings	5,703,457	5,525,987
Amounts owed by subsidiary undertakings	861,910	1,088,193
Amounts owed by undertakings in which the Company has a participating interest	1,875,852	2,038,569
Amounts owed by related undertakings	1,894,955	1,911,408
Other debtors	3,017,346	3,512,724
Prepayments and accrued income	621,121	686,414
Deferred tax asset (see note 13)	83,314	26,937
	51,587,806	52,257,282

12 Creditors: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	30,421,110	29,819,168
Amounts owed to parent undertaking	660,220	689,044
Amounts owed to related undertakings	33,571,978	33,579,367
Other taxes and social security	1,728,673	1,463,863
Accruals and deferred income	3,109,844	2,876,586
Other creditors	2,230,475	4,042,744
Corporation tax	303,844	84,841
	72,026,144	72,555,613

Sangers (Northern Ireland) Limited

Notes *(continued)*

13 Deferred taxation

The amounts recognised for deferred taxation are set out below:

	2012 £	2011 £
Balance at 1 October	(26,937)	(187,137)
Credit for year (<i>Note 5</i>)	(56,377)	160,200
	<hr/>	<hr/>
Balance at 30 September	(83,314)	(26,937)
	<hr/>	<hr/>
<i>Elements of deferred taxation</i>		
Difference between accumulated depreciation and amortisation and capital allowances	(29,068)	(63,553)
Other timing differences	(54,246)	36,616
	<hr/>	<hr/>
Deferred tax asset	(83,314)	(26,937)
	<hr/>	<hr/>

14 Share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

Sangers (Northern Ireland) Limited

Notes (continued)

15 Profit and loss account

	2012 £	2011 £
At beginning of year	9,220,946	7,866,853
Profit for the financial year	7,410,774	4,484,093
Dividend for the financial year	(6,000,000)	(3,000,000)
Actuarial losses	(1,119,000)	(32,000)
Deferred tax on pension movement	185,120	(98,000)
	<hr/>	<hr/>
Balance at 30 September	9,697,840	9,220,946
	<hr/>	<hr/>

16 Capital contribution reserve

	2012 £	2011 £
At beginning of year	391,421	343,856
Capital contribution during the year	8,034	47,565
	<hr/>	<hr/>
Balance at 30 September	399,455	391,421
	<hr/>	<hr/>

17 Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Opening shareholders' funds	9,612,467	8,210,809
Profit for the financial year	7,410,774	4,484,093
Dividend for the financial year	(6,000,000)	(3,000,000)
Actuarial losses	(1,119,000)	(32,000)
Deferred tax on pension movement	185,120	(98,000)
Capital contribution during year	8,034	47,565
	<hr/>	<hr/>
Closing shareholders' funds	10,097,395	9,612,467
	<hr/>	<hr/>

Sangers (Northern Ireland) Limited

Notes (continued)

18 Commitments

The Directors have authorised capital expenditure, which has been contracted for at the year end of £1,571,481 (2011: £Nil).

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

	2012 £	2011 £
Operating leases which expire:		
within one year	275,203	299,798
within two to five years	354,175	373,453

19 Pension scheme

The main pension scheme of the Company is the Sangers (Northern Ireland) Limited Pension Fund which is a defined benefit scheme providing benefits based on final pay and service at retirement. The assets of the scheme are held separately from those of the Company, being directly invested on a discretionary basis.

The following benefit changes were made with effect from 1 September 2012:

- Benefits accrued to 31 August 2012 are based on Final Pensionable Salary and increase in line with CPI going forward;
- Accrual rate changed from 1/50th to 1/60th;
- Accrual from 1 September 2012 is based on a Career Average Revalued Earnings (CARE) approach; and
- Pensionable salary was redefined as basic pay including drivers' guaranteed overtime.
- In addition, the employee contribution rate will increase from 6% to 8% of pensionable salaries from 1 April 2013.
- The impact of these benefit changes has been included in the profit and loss charge for the current financial year as follows:
- The service cost has reduced due to the lower level of benefits accrued in September 2012;
- The removal of the final salary link for accrued benefits has created a curtailment profit of £1,488K; and
- The removal of the final salary link for accrued benefits has also reduced the interest cost due to the reduction in the liabilities.

The latest full actuarial valuation was carried out at 1 April 2010 and was updated for FRS 17 purposes to 30 September 2012 by a qualified independent actuary.

The major assumptions used in this valuation were:	2012	2011	2010
Rate of increase in salaries	N/A	4.0%	4.1%
Rate of increase in pensions in payment (pre April 1997)	3.0%	3.0%	3.0%
Rate of increase in pensions in payment (post April 1997)	3.0%	3.3%	3.3%
Rate of increase in pensions in payment (post April 2011)	1.8%	1.9%	2.2%
Discount rate applied to scheme liabilities	4.35%	5.05%	5.00%
Inflation assumption (CPI)	2.35%	2.60%	n/a

Sangers (Northern Ireland) Limited

Notes (continued)

19 Pension Scheme (Continued)

Inflation assumption (RPI) 3.05% 3.5% 3.5%

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

Scheme assets

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

	Value at 30/09/12 £	Value at 30/09/11 £	Value at 30/09/10 £
Equities	5,215,000	4,616,000	4,787,000
Bonds	6,663,000	6,064,000	5,495,000
Cash	13,000	32,000	26,000
Property	982,000	932,000	833,000
Total market value of pension scheme assets	12,873,000	11,644,000	11,141,000
Present value of pension scheme liabilities	(15,874,000)	(15,159,000)	(14,722,000)
Deficit in pension schemes	(3,001,000)	(3,515,000)	(3,581,000)
Related deferred tax asset	688,650	880,000	1,003,120
Net pension liability	(2,312,350)	(2,635,000)	(2,577,880)

The expected rates of return on the assets

	Long term rate of return 30/09/12*	Long term rate of return 30/09/11	Long term rate of return 30/09/10
Average expected long term rate of return/Total fair value of assets	5.36%	6.02%	5.97%

* The expected return on assets by asset category is not a required FRS 17 disclosure item (only the total rate needs to be disclosed)

Sangers (Northern Ireland) Limited

Notes (continued)

19 Pension scheme (continued)

Movement in deficit during the year

	2012 £	2011 £
Deficit in the scheme at the beginning of year	(3,515,000)	(3,581,000)
Current service cost	(277,000)	(320,000)
Contributions paid	476,000	484,000
Other finance costs	(54,000)	(66,000)
Actuarial loss	(1,119,000)	(32,000)
Curtailments	<u>1,488,000</u>	<u>-</u>
Surplus/deficit in the scheme at end of year	(3,001,000)	(3,515,000)

Analysis of other pension costs charged in arriving at operating profit

	2012 £	2011 £
Current service cost	(277,000)	(320,000)
Other finance costs	(54,000)	(66,000)
Losses/ (gains) on settlements and curtailments	<u>1,488,000</u>	<u>-</u>
Total	1,157,000	(386,000)

Analysis of amounts included in other finance income/costs:

	2012 £	2011 £
Expected return on pension scheme assets	(701,000)	(672,000)
Interest on pension scheme liabilities	<u>755,000</u>	<u>738,000</u>
	<u>54,000</u>	<u>66,000</u>

Sangers (Northern Ireland) Limited

Notes (continued)

19 Pension scheme (continued)

Analysis of amount recognised in statement of total recognised gains and losses:

	2012 £	2011 £
Actual return less expected return on scheme assets	499,000	(429,000)
Experience losses arising on scheme liabilities	-	-
Changes in assumptions underlying the present value of scheme liabilities	(1,618,000)	397,000
	<hr/>	<hr/>
Actuarial loss recognised in statement of total recognised gains and losses	(1,119,000)	(32,000)
	<hr/>	<hr/>

History of experience gains and losses:

	2012 %	2011 %	2010 %
Difference between the expected and actual return on scheme assets expressed as a percentage of the year end scheme assets	3.9	(3.7)	4.2
Experience gains and losses on scheme liabilities expressed as a percentage of the year end present value of scheme liabilities	-	-	-
Total amount recognised in the statement of total recognised gains and losses expressed as a percentage of the year end present value of the scheme liabilities	(7.1)	0.2	(11.1)

20 Share-based payment

United Drug plc operates an Executive Share Option Plan (ESOP) which was established during 2012, under which share options may be granted to management which may entitle them to purchase shares in United Drug plc so as to provide an incentive to perform strongly over an extended period and to encourage alignment of their interests with those of shareholders. The terms of share options granted under the ESOP are set out in the United Drug plc annual report for the year ended 30 September 2012, which is publically available. During the year 3,192,350 (2011: nil) share options were granted under the ESOP.

The terms of the former Executive Share Option Scheme (ESOS) are also set out in the United Drug plc annual report for the year ended 30 September 2012.

The measurement requirements of IFRS 2 Share-based Payment, have been implemented in respect of share options that were granted after 7 November 2002.

Sangers (Northern Ireland) Limited

Notes (continued)

20 Share-based payment (continued)

The total expense for share options recognised in the profit and loss account is:

	2012 £	2011 £
Administration Expenses	8,034	47,565

A summary of the details in respect of share options granted under the ESOP during the year to employees providing services to United Drug plc or subsidiary companies, including persons providing services to this company, is set out below.

	2012	2011
Grant date	17 November 2011	-
Fair value at grant date	€0.43	-
Share price at grant date	€2.08	-
Exercise price	€2.09	-
Expected volatility	32.2%	-
Expected life	6.3 years	-
Expected dividend yield	4.3%	-
Risk-free interest rate	2.2%	-
Valuation model	Binomial	-
Performance period	3 years	-
Vesting period	3 years	-

The number and weighted average exercise price of outstanding share options are as follows:

	Weighted average exercise Price 2012 €	Number of share options 2012 '000	Weighted average exercise price 2011 €	Number of share options 2011 '000
Outstanding at beginning of year	2.78	10,522	2.82	13,545
Forfeited during the year	2.77	(368)	3.12	(1,209)
Exercised during the year	1.91	(905)	1.85	(881)
Lapsed during the year	1.95	(2,028)	3.83	(933)
Granted during the year	2.30	3,192	-	-
Outstanding at end of year	2.81	10,413	2.78	10,522
Exercisable at end of year	2.81	2,791	2.58	3,731

During the year the Remuneration Committee determined that the performance target for Basic Tier share options granted on 11 June 2009 (2011: 17 June 2008) had not been satisfied and that such share options had lapsed.

Sangers (Northern Ireland) Limited

Notes (continued)

20 Share-based payment (continued)

The weighted average share price at the date of exercise of share options during the year was €2.20 (2011: €2.30). The weighted average remaining contractual life for the share options outstanding at 30 September 2012 was 4.28 years (2011: 4.83 years).

At 30 September 2012, the range of exercise prices of outstanding share options was from €1.99 to €4.06 (2011: €1.90 to €4.06).

Analysis of share options outstanding at year end

Share options by exercise price:

Exercise price €	Number of share options 2012 '000	Number of share options 2011 '000
1.90	-	910
1.95	-	2,098
1.99	726	756
2.09	3,152	-
2.32	1,346	1,438
2.83	1,100	1,100
3.32	1,000	1,000
3.48	1,245	1,245
3.83	630	690
4.06	1,214	1,285
	10,413	10,522

21 Guarantees

The Company has guaranteed certain bank loans, loan notes and other bank facilities of United Drug Plc and subsidiaries (the group) by way of composite cross guarantees. At 30 September 2012, the total amount of group borrowings and facilities guaranteed amounted to €288m (2011: €232.1m). In addition, the Company has guarantees of £3,941,000 as at 30th September 2012 (2011: £5,181,000) in place with respect to obligations of certain of its customers.

Sangers (Northern Ireland) Limited

Notes (continued)

22 Group affiliation

At 30 September 2012, the Company's entire share capital was owned by Alchem plc, a company incorporated in Northern Ireland.

The largest group in which the results of the Company are consolidated is that headed by United Drug plc, a company incorporated in the Republic of Ireland. The Directors regard United Drug plc as the ultimate parent company. The consolidated financial statements of this group are available to the public and may be obtained from the following addresses:

The Secretary
United Drug plc
United Drug House
Magna Business Park
Magna Drive
Citywest Road
Dublin 24

23 Related party transactions

Since more than 90% of the Company's voting rights are controlled within the United Drug plc group of companies, of which it is a member, the Company has taken advantage of the exemption not to disclose transactions with entities that are part of the group.

The Company pays the administration costs of the main pension scheme, Sangers (Northern Ireland) Limited Pension Fund. In the year ended 30 September 2012 these costs amounted to £110,873 (2011: £118,998).

During the year the Company made the following related party transactions with joint ventures of Sangers (NI) Limited.

		2012 £000	2011 £000
Purchases	- Unidrug Group Distribution Limited	(9,834,719)	(12,633,885)
	- Pharma Services Limited	383,796	272,050
The balance owed to (by) Sangers (NI) Limited			
in respect of the above transactions at the year end			
	- Unidrug Group Distribution Limited	(1,520,877)	(859,273)
	- Pharma Services Limited	-	130,726
		<hr/>	<hr/>