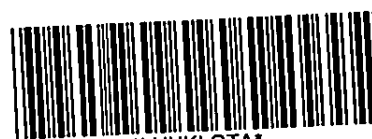


Company registration number: 3446039

Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)  
**Directors' report and financial statements**  
for the year ended 31 March 2009

WEDNESDAY



LD6      \*LUHKLGTA\*      109  
20/01/2010  
COMPANIES HOUSE

---

## Contents

<b>Directors' report</b>	<b>1</b>
<b>Directors' responsibilities statement</b>	<b>3</b>
<b>Independent auditors' report to the members of Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the financial statements</b>	<b>7-16</b>

# Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)

## Directors' report

for the year ended 31 March 2009

The Directors present their report and the audited financial statements for the year ended 31 March 2009.

### Principal activities

The Company's principal activities during the year were the distribution and wholesale of pharmaceutical, medical and healthcare products. The Company changed its name from UniChem Limited to Alliance Healthcare (Distribution) Limited on 1 April 2009.

### Business review

Turnover increased by 13.1% (2008: 1.3%) to £2,013.2 million (2008: £1,779.5 million). Operating profit before exceptional items decreased by 9.2% (2008: increased by 8.0%) to £64.2 million (2008: £70.7 million).

Within operating profit was £4.0 million (2008: £23.8 million) of exceptional costs. The exceptional costs comprised £4.0 million (2008: £0.8 million) relating to a restructuring programme announced in March 2009. Costs will be incurred for redundancy and other expenses relating to this restructuring. Other prior year exceptional costs comprised £1.5 million in relation to the acquisition of the Alliance Boots Group by AB Acquisitions Limited in June 2007 and £21.4 million of costs in relation to pension deficit funding.

The profit for the financial year was £63.3 million (2008: 57.9 million).

An interim dividend of £75.0 million (2008: £50.0 million) was declared and paid in the year resulting in a retained loss for the financial year of £11.7 million (2008: £7.9 million retained profit).

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

### Principal risks and uncertainties

The Company's Directors monitor the overall risk profile of the Company. In addition, the Directors are responsible for determining clear policies as to what the Company considers to be acceptable levels of risk. These policies seek to enable people throughout the Company to use their expertise to identify risks that could undermine performance and to devise ways of bringing them within acceptable levels. Where the Directors identify risks that are not acceptable, they develop action plans to mitigate them with clear allocation of responsibilities and timescales for completion and ensure that progress towards implementing these plans is monitored and reported upon. The principal risks are shown below.

#### Impact of regulation

##### Risk

The Company operates in regulated markets and could be adversely affected by changes to existing regulation, new regulation and/or failure to comply with regulation.

The Company is subject to a range of regulations relating to such things as product margins, product traceability and the conditions under which products must be stored. Changes to these could affect profitability.

##### Mitigation

The Company seeks to control this type of risk through active involvement in policy-making processes, understanding and contributing to government thinking on regulatory matters and building relationships with regulatory bodies directly and through representation in relevant professional and trade associations.

#### Competition

##### Risk

Changes in market dynamics or actions of competitors or manufacturers could adversely impact the Company.

The Company faces competition from direct competitors and alternative supply sources such as importers and manufacturers who supply direct to pharmacies.

##### Mitigation

The Company continues to expand the scope of its operations in response to a changing marketplace, including entering into distribution agreements with manufacturers who wish to sell direct to pharmacies. The Company's added-value service differentiates its offering to pharmacists and strengthens its competitive position.

#### Product/services risk

##### Risk

The Company could be adversely impacted by the supply of defective products or provision of inadequate services. In particular, this could come from allowing the infiltration of counterfeit products into the supply chain, errors in re-labelling of products and contamination or product mishandling issues.

##### Mitigation

The Company has robust purchasing processes, well developed contractual controls in relation to suppliers and a cohesive product control framework. This includes specific controls for the identification of counterfeit products.

## Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)

### Directors' report (continued)

for the year ended 31 March 2009

#### Directors

The following served as Directors during the year:

S Pessina	
D Coles	
J C Main	
O Smedley	
M Stephenson	
P Forster Jones	Resigned, 31 March 2009
S Ball	Resigned, 30 June 2008
A Butler	Resigned, 31 October 2008
T Scicluna	Resigned, 31 October 2008

The Alliance Boots Group places Directors' and Officers' insurance centrally and provides coverage for Directors' and Officers' liability exposure.

#### Secretary

Marco Pagni served as Company Secretary during the year.

#### Employees

The Company considers it is critical to its success that it continues to nurture the different and diverse talents across the business and has designed employment policies to achieve this. The Company aims to provide equal opportunities regardless of sex, race, religion or belief, sexual orientation, disability or ethnic origin.

The Company does all that is practicable to meet its responsibilities towards the employment and training of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative.

The Company aims to ensure that all of its employees are informed about, and engaged with, their part of the business, augmented by a deeper understanding of the Company overall and its future direction.

#### Financial instruments

The Company is exposed to currency, credit and interest rate risk. The Alliance Boots Group's treasury function manages these risks at a Group level in accordance with Group Treasury Policy including the use of financial instruments for the purpose of managing these risks. Group risks are discussed in the Group's annual review, which does not form part of this report.

#### Auditors

KPMG Audit Plc were appointed auditors during the year and will be proposed for reappointment in accordance with s485 of the Companies Act 2006.

#### Statement as to 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 they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)

### Statement of Directors' responsibilities

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). The financial statements are required by law to 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 judgments 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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.

By order of the Board:



Marco Pagni  
Secretary

Date: 21 May 2009

Registered Office:

43 Cox Lane  
Chessington  
Surrey  
KT9 1SN

Registered in England and Wales No. 3446039.

## **Independent auditors' report to the members of Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)**

We have audited the financial statements of Alliance Healthcare (Distribution) Limited (formerly UniChem Limited) ('the Company') for the year ended 31 March 2009 which comprise the Profit and loss account, the Balance sheet and the related notes. 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 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 auditors**

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed. We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
21 May 2009

## Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)

### Profit and loss account

for the year ended 31 March 2009

	Notes	2009 £million	2008 £million
Turnover	2	2,013.2	1,779.5
Operating profit	2	60.2	46.9
Profit on sale of tangible fixed assets		2.7	13.9
Income from shares in Group undertakings	9	16.0	10.3
Interest receivable and similar income	4	2.7	0.6
Interest payable and similar charges	5	(0.2)	(0.3)
Profit on ordinary activities before taxation		81.4	71.4
Tax on profit on ordinary activities	6	(18.1)	(13.5)
Profit for the financial year		63.3	57.9

There are no recognised gains and losses for the current and preceding financial years other than the profit of £63.3 million (2008: £57.9 million) shown above. Accordingly, no statement of recognised gains and losses is presented.

There is no difference between the reported profit shown above and the profit for the year restated on an historical cost basis. Accordingly, no note of historical cost profits is presented.

The amounts presented for the current and preceding financial years are derived from continuing operations.

## Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)

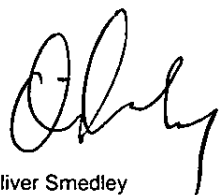
### Balance sheet

as at 31 March 2009

	Notes	2009 £million	2008 £million
<b>Fixed assets</b>			
Tangible assets	8	38.1	40.1
Investments	9	4.7	4.8
		42.8	44.9
<b>Current assets</b>			
Stocks	10	111.8	110.0
Debtors	11	697.8	582.8
Cash at bank and in hand		-	5.0
		809.6	697.8
<b>Creditors: amounts falling due within one year</b>	12	(665.3)	(546.7)
<b>Net current assets</b>		144.3	151.1
<b>Total assets less current liabilities</b>		187.1	196.0
<b>Provisions for liabilities and charges</b>	13	(3.8)	-
<b>Net assets</b>		183.3	196.0
<b>Capital and reserves</b>			
Called up share capital	15,16	14.6	14.6
Share premium account	16	118.8	118.8
Profit and loss account	16	49.9	62.6
<b>Shareholders' funds</b>		183.3	196.0

The notes on pages 7 to 16 form part of the Company's financial statements.

These financial statements were approved by the Board on 21 May 2009 and were signed on its behalf by:



Oliver Smedley

Finance Director

21 May 2009



# Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)

## Notes to the financial statements

for the year ended 31 March 2009

### 1. Accounting policies

#### Basis of preparation

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice, and under the historical cost convention.

AB Acquisitions Holdings Limited ('ABAH'), the ultimate parent undertaking of the Alliance Boots Group ('the Group'), includes the Company's assets, liabilities and results in its own publicly available consolidated financial statements. Under FRS 1 (Revised 1996), 'Cash flow statements', the Company is therefore exempt from the requirement to prepare a cash flow statement. In addition, under SSAP 25, 'Segmental Reporting', the Company is exempt from the requirement to present segmental information on the grounds that ABAH includes segmental information in its own publicly available consolidated financial statements.

The Company's voting rights are wholly controlled within the Group and consequently, the Company is exempt under FRS 8, 'Related party Disclosures' from disclosing transactions with entities that are part of the Group or investees of the Group qualifying as related parties.

The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements and deliver them to the Registrar of Companies. The financial statements therefore present information about the Company as an individual undertaking and not about its group.

#### Currency

Transactions denominated in non-sterling currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in non-sterling currencies at the balance sheet date are translated at the exchange rates ruling at that date. Non-monetary assets and liabilities denominated in non-sterling currencies are translated using the exchange rates at the date of the underlying transactions. Exchange gains or losses are included in the profit and loss account.

#### Turnover

Turnover shown on the face of the profit and loss account is the amount derived from the sale of goods and provision of services in the normal course of business, net of trade discounts, value added tax and other sales-related taxes. Turnover from the sale of goods is recognised at the point contractual obligations to a customer have been fulfilled. For the sale of goods, turnover is recognised when legal title transfers to a customer. Where services provided to a customer relate to partial performance against contractual obligations, turnover is recognised to the extent that a right to consideration has been obtained through performance to date.

Where the Company acts in the capacity of an agent, or a logistic service provider, turnover is the service fees and is recognised upon performance of the services concerned.

#### Tangible fixed assets

##### Cost

All tangible fixed assets are stated at cost less accumulated depreciation and impairment losses.

##### Depreciation

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

- Freehold land and assets in the course of construction – not depreciated;
- Freehold and long leasehold buildings – depreciated to their estimated residual values over their useful economic lives of not more than 50 years;
- Plant and machinery – 3 to 10 years; and
- Fixtures, fittings, tools and equipment – 3 to 20 years.

Residual values, where material, and remaining useful economic lives are reviewed annually and adjusted if appropriate.

##### Disposals

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit and loss account. Any impairment in the value of fixed assets is recognised immediately.

##### Impairment of assets

The Company's fixed assets are reviewed at each balance sheet date to determine whether events or changes in circumstances exist that indicate that their carrying amount may not be recoverable. If such an indication exists, the fixed asset's recoverable amount is estimated. The recoverable amount is the higher of a fixed asset's net realisable value and its value in use. An impairment loss is recognised in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount.

##### Stocks

Stocks consist of goods held for resale and are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

# Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)

## Notes to the financial statements (continued)

for the year ended 31 March 2009

### 1. Accounting policies (continued)

#### Share capital

##### *Equity instruments*

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Accordingly, a financial instrument is treated as equity if:

- there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- the instrument is a non-derivative that contains no contractual obligation to deliver a variable number of shares or is a derivative that will be settled only by the Group exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

Equity instruments are recorded as share capital and share premium, as applicable, net of tax-effected share issue costs. To the extent that this definition is not met, the proceeds of any issue are classified as a financial liability.

#### *Dividends*

Interim dividends on equity instruments classified as part of shareholders' funds are recognised as appropriations in the reconciliation of movements in shareholders' funds. Dividends unpaid at the balance sheet date are only recognised at that date to the extent that they are appropriately authorised by the shareholders of the Company and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### **Leases**

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Benefits received as an incentive to sign a lease, whatever form they may take, are credited to the profit and loss account on a straight-line basis over the shorter of the lease term and the period until the contractually-specified rent review date.

#### **Investments**

Investments are stated at cost less provision for impairment.

#### **Post retirement benefits**

The Company participates in the Alliance UniChem Group UK pension scheme, incorporating both a multi-employer defined benefit scheme and a defined contribution plan, the assets and liabilities of which are held independently from the Group. The Company is unable to identify its share of the underlying assets and liabilities of the defined benefit scheme and accordingly accounts for contributions to the scheme as if it were a defined contribution scheme. Particulars of the Group scheme are contained in the group accounts of Alliance Boots GmbH, prepared in accordance with International Financial Reporting Standards.

#### **Taxation**

##### **Current taxation**

Current tax is recognised at the amount expected to be paid or recovered for the period based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

##### **Deferred taxation**

Deferred tax is recognised on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that it is more likely than not there will be suitable taxable profits against which the underlying timing differences can reverse. Deferred tax liabilities are not recognised in respect of corporation tax on chargeable gains arising on the disposal of assets where that gain is expected to be deferred indefinitely.

Deferred tax is measured on a non-discounted basis at the average rates expected to apply in the periods when the timing differences are expected to reverse using the tax rates and laws enacted or substantively enacted at the balance sheet date.

## Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)

### Notes to the financial statements (continued)

for the year ended 31 March 2009

#### 2. Operating profit

	2009 £million	2008 £million
Turnover	2,013.2	1,779.5
Cost of sales	(1,814.8)	(1,589.1)
Gross profit	198.4	190.4
Distribution costs	(94.8)	(84.6)
Administrative expenses	(43.4)	(58.9)
Operating profit	60.2	46.9

Operating profit is stated after charging:

	2009 £million	2008 £million
Depreciation of tangible fixed assets		
- owned assets	10.1	9.2
Operating lease rentals payable:		
- land and buildings	3.5	2.0
- plant and machinery	0.1	0.2
Auditors' remuneration – for audit of these financial statements	0.1	0.1
Exceptional items:		
Costs in relation to organisational restructure <sup>1</sup>	4.0	0.9
Acquisition costs	-	1.5
Pension funding <sup>2</sup>	-	21.4

<sup>1</sup> The Company recently embarked on a restructuring programme to adapt the business to meet the expectations of customers and payors. The programme is targeted to reduce operating costs and has resulted in exceptional charges of £4 million in the year, the majority of which represent redundancy costs.

<sup>2</sup> Additional pension deficit funding payment.

## Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)

### Notes to the financial statements (continued)

for the year ended 31 March 2009

#### 3. Staff numbers and costs

The average monthly number of full time equivalent persons (including Directors) employed by the Company during the year, analysed by function, was:

	2009 Full time equivalents	2008 Full time equivalents
Sales and commercial	153	124
Logistics	3,624	3,540
Administration	228	269
	4,005	3,933

Costs incurred in respect of these employees were:

	2009 £million	2008 £million
Wages and salaries	68.3	68.0
Social security costs	6.2	5.7
Pension costs	3.1	24.2
Share-based payments	-	1.1
	77.6	99.0

Directors' remuneration for the year was as follows:

	2009 £million	2008 £million
Directors' emoluments	1.4	2.2
Company contributions to money purchase pension schemes	0.1	0.1
Compensation for loss of office	0.1	0.0
	1.6	2.3

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid Director was £0.3 million (2008: £0.4 million) and the Company contributed £13,000 (2008: £17,000) to a money purchase pension scheme on his behalf.

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

	2009 Number of Directors	2008 Number of Directors
Money purchase schemes	7	6
Defined benefit schemes	-	1

#### 4. Interest receivable and similar income

	2009 £million	2008 £million
Interest receivable from group undertakings	2.7	0.6

#### 5. Interest payable and similar charges

	2009 £million	2008 £million
Interest payable	0.2	0.3

# Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)

## Notes to the financial statements (continued)

for the year ended 31 March 2009

### 6. Tax on profit on ordinary activities

An analysis of the tax charge for the year ended 31 March 2009 is presented as follows:

	2009 £million	2008 £million
<b>Current tax</b>		
<i>United Kingdom ('UK') corporation tax</i>		
Corporation tax on income for the period at 28% (2008: 30%)	17.7	17.1
Adjustments in respect of prior periods	4.5	(0.6)
	22.2	16.5
<b>Deferred tax (note 14)</b>		
Origination and reversal of timing differences	0.1	(2.5)
Adjustment in respect of prior periods	(4.2)	(0.5)
<b>Tax on profit on ordinary activities</b>	<b>18.1</b>	<b>13.5</b>

The tax charge for the financial year is lower (2008: lower) than the standard rate of corporation tax of 28% (2008: 30%). The differences are explained below:

	2009 £million	2008 £million
Profit on ordinary activities before tax	81.4	71.4
Current tax at 28% (2008: 30%)	22.8	21.4
Effects of:		
Depreciation in excess/(arrear) of capital allowances	0.3	-
Profit on disposal of fixed assets	(0.7)	(4.2)
Expenses not deductible for tax purposes	1.1	(0.3)
Non-taxable dividends received from UK companies	(4.5)	(3.1)
Pension contributions for tax purposes	(1.3)	3.3
Adjustments in respect of prior periods	4.5	(0.6)
<b>Total current tax charge as above</b>	<b>22.2</b>	<b>16.5</b>

### 7. Dividends

The Company's paid dividends are presented as follows:

	2009 £million	2008 £million
<b>Dividends paid in the year</b>		
Interim dividends paid	75.0	50.0
	75.0	50.0

No final dividend is proposed.

## Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)

### Notes to the financial statements (continued)

for the year ended 31 March 2009

#### 8. Tangible fixed assets

	Land and buildings £million	Plant and machinery £million	Fixtures, fittings, tools and equipment £million	Total £million
<b>Cost</b>				
At 1 April 2008	7.7	32.0	28.4	68.1
Additions	0.3	4.5	7.3	12.1
Disposals	(4.1)	(3.9)	(4.3)	(12.3)
At 31 March 2009	3.9	32.6	31.4	67.9
<b>Depreciation</b>				
At 1 April 2008	2.4	15.0	10.6	28.0
Charge for the year	0.4	5.7	4.0	10.1
Disposals	(1.1)	(3.5)	(3.7)	(8.3)
At 31 March 2009	1.7	17.2	10.9	29.8
<b>Net book value</b>				
At 31 March 2009	2.2	15.4	20.5	38.1
At 1 April 2008	5.3	17.0	17.8	40.1

Included within fixtures, fittings, tools and equipment are assets in the course of construction of £0.7 million (2008: £0.2 million).

The net book value of land and buildings is comprised of:

	2009 £million	2008 £million
Freehold	0.8	3.1
Long leasehold	-	0.7
Short leasehold	1.4	1.5
	2.2	5.3

# Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)

## Notes to the financial statements (continued)

for the year ended 31 March 2009

### 9. Fixed asset investments

	Shares in subsidiary undertakings £million	Shares in associate undertakings £million	Total £million
<b>Cost</b>			
At 1 April 2008	4.4	0.4	4.8
Impairment	-	(0.1)	(0.1)
At 31 March 2009	4.4	0.3	4.7

The Company's principal subsidiary undertaking at the balance sheet date is presented as follows:

	Percentage held by the Company	Country of incorporation	Main activity
OTC Direct Limited	100%	Great Britain	Pharmaceutical wholesaler

Dividends of £16.0 million were paid from OTC Direct Limited to the Company during 2009 (2008: £10.3 million).

As permitted by section 231(5) of the Companies Act 1985, only principal undertakings are shown. A complete list of all subsidiary undertakings is filed with the Company's annual return.

The Company's principal associate and joint venture undertakings at the balance sheet date are presented as follows:

	Percentage held by the Company	Country of incorporation	Main activity
Pharmacy Initiative 1 Plc	27%	Great Britain	Enterprise Initiative Scheme Investment
Pharmacy Initiative 2 Plc	27%	Great Britain	Enterprise Initiative Scheme Investment
Pharmacy Initiative 3 Plc	27%	Great Britain	Enterprise Initiative Scheme Investment

### 10. Stocks

	2009 £million	2008 £million
Finished goods and goods held for resale	111.8	110.0

There is no difference between the estimated replacement cost and the carrying value of stock.

### 11. Debtors

	2009 £million	2008 £million
Trade debtors	347.6	257.1
Amounts owed by group undertakings	297.5	279.4
Other debtors (including £2.1 million of deferred tax due after more than one year (2008: £0.6 million))	37.1	30.5
Prepayments and accrued income	15.6	15.8
	697.8	582.8

Included within 'Other debtors' is an amount of £4.7 million (2008: £0.6 million) relating to deferred tax (note 14).

# Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)

## Notes to the financial statements (continued)

for the year ended 31 March 2009

### 12. Creditors: amounts falling due within one year

	2009 £million	2008 £million
Bank loans and overdrafts	14.3	16.4
Trade creditors	601.4	473.3
Amounts owed to group undertakings	8.8	10.6
Other creditors including taxes and social security	32.8	38.4
Accruals and deferred income	8.0	8.0
	665.3	546.7

### 13. Provisions for liabilities and charges

	Reorganisation £million	Total £million
At 1 April 2008	-	-
Provisions created during the year	3.8	3.8
At 31 March 2009	3.8	3.8

The reorganisation provision relates exclusively to the restructuring programme. Exceptional costs will be incurred for redundancy and other expenses relating to this restructuring. The majority of these costs are expected to be incurred over the next year.

### 14. Deferred tax

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset the associated current tax assets and liabilities.

Deferred tax (assets) and liabilities are attributable to the following after offset:

	2009 £million	2008 £million
Accelerated capital allowances	(0.8)	3.2
Other short term timing differences	(3.9)	(3.8)
	(4.7)	(0.6)

The movement in the net deferred tax asset for the year is presented as follows:

	Accelerated capital allowances £million	Other short term differences £million	Total £million
<b>Deferred tax assets</b>			
At 1 April 2008	3.2	(3.8)	(0.6)
Profit and loss account credit	(4.0)	(0.1)	(4.1)
At 31 March 2009	(0.8)	(3.9)	(4.7)

### 15. Called up share capital

	2009 £million	2008 £million
<b>Authorised</b>		
Ordinary shares of £1 each	200.0	200.0
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	14.6	14.6



## Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)

### Notes to the financial statements (continued)

for the year ended 31 March 2009

#### 16. Reconciliation of movements in equity shareholders' funds

	Share capital £million	Share premium £million	Profit and loss account £million	Total £million
At 1 April 2008	14.6	118.8	62.6	196.0
Profit for the financial year	-	-	63.3	63.3
Share-based payments for the financial year (Note 17)	-	-	(1.0)	(1.0)
Equity dividends paid	-	-	(75.0)	(75.0)
At 31 March 2009	14.6	118.8	49.9	183.3

	Share capital £million	Share premium £million	Profit and loss account £million	Total £million
At 1 April 2007	14.6	118.8	53.6	187.0
Profit for the financial year	-	-	57.9	57.9
Share-based payments for the financial year (Note 17)	-	-	1.1	1.1
Equity dividends paid	-	-	(50.0)	(50.0)
At 31 March 2008	14.6	118.8	62.6	196.0

#### 17. Retirement benefits

The Company participates in the Alliance UniChem Group UK pension scheme, incorporating both a multi-employer defined benefit scheme and a defined contribution plan, the assets and liabilities of which are held independently from the Group. The Company is unable to identify its share of the underlying assets and liabilities of the defined benefit scheme and accordingly accounts for contributions to the scheme as if it were a defined contribution scheme.

Contributions to the defined benefit scheme for the year were £2.1 millions. (2008: £23.4 million, including additional contributions of £21.4 million paid to fund the deficit). The agreed contribution rate for the next 12 months is 14.1%. Contributions to the defined contribution scheme for the period were £1.0 million (2008: £0.8 million).

At 31 March 2009 the defined benefit scheme had no surplus or deficit on an FRS17, Retirement benefits' basis (2008: £29.0 million) before tax. Details of the most recent actuarial valuation and detailed disclosures at 31 March 2009 can be found in the financial statements of Alliance Boots GmbH.

#### 18. Operating leases

At 31 March 2009 the Company had annual commitments under non-cancellable operating leases as follows:

	31 March 2009		31 March 2008	
	Land and buildings £million	Other £million	Land and buildings £million	Other £million
Between one and five years	0.5	-	0.4	-
More than five years	2.6	-	3.2	-
	3.1	-	3.6	-

#### 19. Commitments

Capital commitments at the balance sheet date, for which no provision has been made, are presented as follows:

	2009 £million	2008 £million
Contracted	0.3	1.9

## **Alliance Healthcare (Distribution) Limited (formerly UniChem Limited)**

### **Notes to the financial statements (continued)**

for the year ended 31 March 2009

#### **20. Contingent liabilities**

The Company has guaranteed bank loans of £10.2 million (2008: £11.3 million) to third parties for the financing of pharmacy businesses and property rental guarantees of £3.3 million (2008: £3.3 million). The term of the loan is 6 years and it is secured against assets.

On 21 December 2007, the Company became a Guarantor under both a £8,270 million multi-currency Senior Facilities Agreement and a £750 million multi-currency Subordinated Facility Agreement (together the Agreements) between, amongst others, AB Acquisitions Limited (a fellow subsidiary undertaking within the Alliance Boots GmbH group) as a Borrower and Deutsche Bank AG as the Facility Agent for the Lenders. As a Guarantor under the Agreements, the Company has guaranteed the liabilities of fellow subsidiary undertakings within the Alliance Boots GmbH group under the Agreements.

As at 31 March 2009 the gross borrowings outstanding under the Agreements in aggregate (including the impact of currency translation and capitalised interest) were £8,876 million.

#### **21. Ultimate parent undertaking**

At 31 March 2009 the Company's immediate parent company was Alliance UniChem Group Limited and its ultimate parent company and controlling party was AB Acquisitions Holdings Limited. AB Acquisitions Holdings Limited is also the parent undertaking of the largest group in which the Company is consolidated.

AB Acquisitions Holdings Limited is incorporated in Gibraltar, and its registered office is 57/63 Line Wall Road, Gibraltar. AB Acquisitions Holdings Limited is jointly controlled by Alliance Santé Participations S.A., and certain funds advised by Kohlberg Kravis Roberts & Co. L.P., S. Pessina, and O. Barra, who are Directors of Alliance Boots GmbH, are also Directors of Alliance Santé Participations S.A., which is ultimately owned by a family trust.

The smallest group in which the results of the Company are consolidated is that headed by Alliance Boots GmbH, a company incorporated in Switzerland. The consolidated financial statements of this group are available from the Alliance Boots website at [www.allianceboots.com](http://www.allianceboots.com).