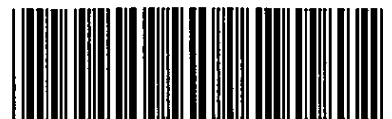


Company registration number: 3883555

Boots Retail (Taiwan) Limited
Directors' report and financial statements
for the year ended 31 March 2009

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Boots Retail (Taiwan) 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 principal activity of the company is the sale of Boots branded products in Taiwan.

Business review

In March 2007 it was announced that the Taiwan operation would be closed. Assets have been written down and trading ceased on June 2008. As directors intend to liquidate the company following the settlement of the remaining net liabilities they have not prepared the statements on a going concern basis.

As a result turnover decreased by 99.5% (2008: 24.0% decrease) to £10,000 (2008: £2,035,000). Operating loss before exceptional items increased to £538,000 (2008: £184,000).

The exceptional income relates to the release of accruals originally made in relation to the cost of restructuring in respect of the write down of assets to their recoverable amount following the announcement to close the operation in March 2007.

The Company's loss for the financial year was £262,000 (2008: £991,000 profit).

Directors

The following served as Directors during the year:

Alex Salden
Andrew Wilkinson
Lauren Brindley

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 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

The Company has elected to dispense with the annual reappointment of auditors and accordingly KPMG Audit Plc remain in office. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and will therefore continue in office.

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.

By order of the Board:



D. Foster
Secretary

Date: 5 November 2009.

Registered Office:
1 Thane Road West,
Nottingham,
NG2 3AA.

Registered in England and Wales No. 3883555

Boots Retail (Taiwan) Limited

Directors' responsibilities statement

for the year ended 31 March 2009

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.

Boots Retail (Taiwan) Limited

Independent auditors' report to the members of Boots Retail (Taiwan) Limited

We have audited the financial statements of Boots Retail (Taiwan) Limited ('the Company') for the year ended 31 March 2009 which comprise the Profit and loss account, the Balance sheet, the Statement of total recognised gains and losses and the related notes. These financial statements have not been prepared on a going concern basis for the reason set out in Note 1 to the financial statements but 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 2.

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 loss 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
Chartered Accountants
Registered Auditor
5th November 2009

KPMG Audit Plc

Boots Retail (Taiwan) Limited

Profit and loss account

for the year ended 31 March 2009

	Notes	2009 £000	2008 £000
Turnover	2	10	2,035
Operating loss	2	(538)	(184)
Cost of a fundamental restructuring	3	157	693
Interest receivable and similar income	5	36	2
(Loss) / Profit on ordinary activities before taxation		(345)	511
Tax on (loss) / profit on ordinary activities	6	83	480
(Loss) / Profit for the financial year		(262)	991

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 results for the year are wholly attributable to the discontinued operations of the company.

Boots Retail (Taiwan) Limited

Statement of total recognised gains and losses

for the year ended 31 March 2009

	Notes	2009 £000	2008 £000
(Loss) / Profit for the financial year		(262)	991
Net foreign exchange loss on foreign borrowings	12	(324)	(88)
Total recognised gains and losses for the financial year	12	(586)	903

Boots Retail (Taiwan) Limited

Balance sheet

as at 31 March 2009

	Notes	2009 £000	2008 £000
Current assets			
Stocks	8	-	25
Debtors	9	1,369	1,195
Cash at bank and in hand		-	570
		1,369	1,790
Creditors: amounts falling due within one year	10	(2,913)	(2,748)
Net liabilities		(1,544)	(958)
Capital and reserves			
Called up share capital	11,12	11,246	11,246
Profit and loss account	12	(12,790)	(12,204)
Shareholders' deficit		(1,544)	(958)

The notes on pages 7 to 12 form part of the Company's financial statements.

These financial statements were approved by the Board on 5th November 2009 and were signed on its behalf by:



Director

ALEX SALDEN

Co. No. 3883555.

Boots Retail (Taiwan) 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 ('ABAHL'), 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 ABAHL includes segmental information in its own publicly-available consolidated financial statements in compliance with IAS 14, 'Segment Reporting'.

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.

During the previous financial year the directors announced their intention to close the Taiwan operation. Trading ceased in Quarter 1 of 2008 and management intend to liquidate the company following the settlement of the remaining net liabilities. On this basis the financial statements have not been prepared on a going concern basis, but on the break up basis under which all assets and liabilities are stated at the value they will realise or require for settlement on cessation of trading.

These financial statements are presented in sterling, however the company's functional currency is New Taiwanese Dollar as this is where the majority of its operations are based.

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 or loss account.

Turnover

Turnover shown on the face of the profit and loss account is the amount derived from the sale of goods 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.

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.

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.

Post retirement benefits

The Company participates in the Boots 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.

Additionally, the Company also operates two Stakeholder Pension Plans, which are defined contribution pension arrangements.

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.

Boots Retail (Taiwan) Limited

Notes to the financial statements (continued)

for the year ended 31 March 2009

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.

2. Loss from operations

	2009 £000	2008 £000
Turnover	10	2,035
Cost of sales	(27)	(889)
	(17)	1,146
Distribution costs	(4)	(86)
Administrative expenses	(517)	(1,244)
Operating loss	(538)	(184)

Operating loss is stated after charging / (crediting):

	2009 £000	2008 £000
Depreciation of tangible fixed assets		
- owned assets	-	44
Operating lease rentals payable:		
- land and buildings	8	27
- plant and machinery	-	7
Net foreign exchange loss / (gain)	467	(45)
Auditors' remuneration	-	10

The 2009 audit fee was borne by a fellow group undertaking. The allocation that would have been incurred is £10,000 (2008: £10,000). Amounts receivable by the Company's auditors in respect of non-audit services provided to the Company have not been disclosed in the Company's financial statement as the information that is required to be disclosed is presented on a group-wide basis in the consolidated financial statements of ABAHL.

3. Exceptional Items

The costs of restructuring arose in respect of the write down of assets to their recoverable amount following the announcement to close the operation in March 2007.

During 2009 the remaining restructuring provisions were utilised as follows:

	2009 £000
Balance as at 1 st April 2008	(1,383)
Utilisations	1,156
Releases	157
Currency Adjustments	(18)
Remaining restructuring provision as at 31 March 2009	(88)

Amounts released during the year relate to settlement of exit agreements with key customers and suppliers at a lower rate than previously anticipated.

Boots Retail (Taiwan) Limited

Notes to the financial statements (continued)

for the year ended 31 March 2009

4. Staff numbers and costs

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

	2009 Full time equivalents	2008 Full time equivalents
Administration	1	13

Costs incurred in respect of these employees were:

	2009 £000	2008 £000
Wage and salaries	14	517
Social security costs	1	36
Pension costs	1	24
	16	577

Directors' remuneration for the year was as follows:

	2009 £000	2008 £000
Directors' emoluments	-	169
Amounts receivable under long term incentive schemes	-	-
Company contributions to money purchase pension schemes	-	11
	-	180

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

	2009 Number of directors	2008 Number of directors
Defined benefit schemes	-	2

The number of directors who exercised share options in the year was 0 (2008: 0).

5. Interest receivable and similar income

	2009 £000	2008 £000
Interest receivable from bank deposits	-	1
Interest receivable from group undertakings	36	1
	36	2

6. Tax on (loss) / profit on ordinary activities

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

	2009 £000	2008 £000
Current tax		
<i>United Kingdom ('UK') corporation tax</i>		
Corporation tax on income for the period at 28% (2008: 30%)	-	72
Adjustments in respect of prior periods	83	1,086
	83	1,158
Deferred tax		
Origination and reversal of timing differences	-	(678)
Tax on (loss) / profit on ordinary activities	83	480

Boots Retail (Taiwan) Limited

Notes to the financial statements (continued)

for the year ended 31 March 2009

6. Tax on (loss) / profit on ordinary activities (continued)

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

	2009 £000	2008 £000
(Loss) / Profit on ordinary activities before tax	(345)	511
Current tax at 28% (2008: 30%)	97	(153)
Effects of:		
Depreciation in arrears of capital allowances	-	46
Movements in general provisions	-	69
Group relief surrendered / claimed for nil payment	(97)	110
Adjustments in respect of prior periods	83	1,086
Total current tax credit as above	83	1,158

The standard rate of corporation tax in the UK changed to 28% with effect from 1 April 2008.

7. Tangible fixed assets

	Fixtures, fittings, tools and equipment £000
Cost	
At 1 April 2008	901
Additions	-
Disposals	-
At 31 March 2009	901
Depreciation	
At 1 April 2008	901
Charge for the year	-
Disposals	-
At 31 March 2009	901
Net book value	
At 31 March 2009	-
At 31 March 2008	-

The net book value of tangible fixed assets held under finance leases of £0 (2008: £0) is included in the total net book value presented above.

Boots Retail (Taiwan) Limited

Notes to the financial statements (continued)

for the year ended 31 March 2009

8. Stocks

	2009 £000	2008 £000
Finished goods and goods held for resale	-	25
	-	25

The difference between the estimated replacement cost and the carrying value of stocks is presented as follows:

	2009 £000	2008 £000
Finished goods and goods held for resale	-	-
	-	-

9. Debtors

	2009 £000	2008 £000
Trade debtors	-	1,068
Corporation Tax	-	25
Amount owed from group undertakings	1,369	102
	1,369	1,195

10. Creditors: amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	-	358
Amounts owed to group undertakings	2,825	899
Other creditors including taxes and social security	-	95
Accruals and deferred income	88	1,396
	2,913	2,748

11. Called up share capital

	2009 £000	2008 £000
Authorised		
Ordinary shares of £1 each	200,000	200,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	11,246	11,246

12. Reconciliation of movements in shareholders' deficit

	Share capital £000	Profit and loss account £000	Total £000
At 1 April 2008	11,246	(12,204)	(958)
Loss for the financial year	-	(262)	(262)
Other recognised gains and losses for the financial year	-	(324)	(324)
At 31 March 2009	11,246	(12,790)	(1,544)
	Share capital £000	Profit and loss account £000	Total £000
At 1 April 2007	11,246	(13,107)	(1,861)
Profit for the financial year	-	991	991
Other recognised gains and losses for the financial year	-	(88)	(88)
At 31 March 2008	11,246	(12,204)	(958)

Boots Retail (Taiwan) Limited-

Notes to the financial statements (continued)

for the year ended 31 March 2009

13. Retirement benefits

The Company participates in two Stakeholder pension schemes plus a locally based 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 £0 (2008: £0). The agreed contribution rate for the next 12 months is 20.6%. Contributions to the defined contribution scheme for the period were £0 (2008: £0).

At 31 March 2009 the defined benefit scheme had a surplus on an FRS17, Retirement benefits' basis, of £213 million (2008: £311 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.

14. Contingent liabilities

The Company has no material contingent liabilities other than those arising in the normal course of business.

15. Ultimate parent undertaking

At 31 March 2009 the Company's immediate parent company was The Boots Company PLC 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.