AAH Pharmaceuticals Limited

Annual report and financial statements for the 15 months ended 31 March 2015

Registered number: 00123458

AAH Pharmaceuticals Limited

Annual report and financial statements for the 15 months ended 31 March 2015

AAH Pharmaceuticals Limited

Strategic report for the 15 month period ended 31 March 2015

The directors present their strategic report for the period ended 31 March 2015.

Principal activities

AAH Pharmaceuticals Limited is one of the leading distributors of pharmaceutical and healthcare products and services in the UK. The company works in partnership with manufacturers to supply pharmacies, hospitals and dispensing doctors.

Review of business and future developments

The directors monitor the progress of the company and the implementation of its strategy by reference to key performance indicators. The indicators employed include revenue, gross profit and operating margin. These are discussed in more detail below.

The pharmaceutical wholesale market remained highly competitive during the period; constraints in government expenditure continue to impose price pressures across the whole market. Market conditions continue to be influenced by suppliers and customers reviewing their costs in their distribution and supply chains. Nevertheless, through continuing to work closely with its partners to arrive at innovative solutions which will support and develop their businesses, AAH Pharmaceuticals Limited remains an important partner for manufacturers and customers.

The significant increase in revenue reflects the company's continued focus on its customer proposition. In particular this was manifested by winning solus distribution contracts for MSD and Ferring which generated a very large increase in turnover, albeit at modest margins reflecting the relatively high average unit prices of the drugs from those manufacturers. Primarily as a result of the new solus distribution contracts the company showed a lower gross profit margin during the reporting period (2015: 9.19%, 2013: 9.68%). However, as a result of having those solus contracts, the company now has active relationships with customers responsible for all dispensing points across the United Kingdom and it is anticipated that this will provide opportunities to convince those customers of the benefits of trading more extensively with us.

Despite the reduction in gross margin coupled with infrastructure investments associated with the creation of the necessary capacity to support the new solus contracts, there has been a marginal improvement in the overall operating margin (2015: 5.03%, 2013: 5.00%). Distribution costs as a proportion of sales also reduced (2015: 5.10%. 2013: 5.40%) reflecting greater economies of scale. It is anticipated that operating margins will continue to grow as customer sales volumes increase through the new infrastructure.

The market continues to evolve at a rapid pace and there remain significant challenges in the short to medium term. To ensure AAH Pharmaceuticals Limited can meet these challenges the directors continue to invest in the business with focus being placed on further automation of processes at both operational and head office level. With this focus in mind there has been continued investment in information technology and further modernisation of the branch network.

The directors are confident that AAH Pharmaceuticals Limited is well placed to deal with any upcoming changes in the market.

On 6 February 2014, McKesson Corporation became the company's ultimate parent and controlling party as detailed in note 31 of the financial statements. Accordingly the current period financial statements represent a 15 month period to align with the parent reporting.

Strategic report for the 15 month period ended 31 March 2015 *(continued)*

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of key risks. Risks are formally reviewed by the board and appropriate processes are put in place to monitor and mitigate them.

Competition

AAH Pharmaceuticals Limited operates in a market which is highly competitive, particularly around price and product availability. There is, as a result, downward pressure on margins with the additional risk that the company will not meet the expectations of customers. To mitigate this risk, the company periodically undertakes market research to understand customer and supplier expectations and identify whether their needs are being met. The sales and commercial teams also monitor market prices on a daily basis.

Supply chain

The provision of a process driven quality service to customers and suppliers is dependent on the availability of a number of key systems, including warehouse management, supply chain support and customer ordering. The company has a policy of continually investing in these systems to ensure it retains its leading position amongst pharmaceutical wholesalers. The systems are monitored and assessed on a regular basis, using a variety of diagnostic tools such as benchmarking.

People

The company recognises that the success of AAH Pharmaceuticals Limited is built upon the consistency, and effectiveness of the service that is offered to customers. It is understood that the culture of the business is ensuring service to customers continues to be core focus of our activities.

Good service can only be delivered by the very best people and there is a continual focus within the company on the recruitment, training, development and performance of all members of staff. The Board of Directors devote significant time to ensuring the programmes, processes, systems and behaviours continually support and develop the culture of the business to meet the needs of a continually changing environment.

Thomas Beer

T Beer
Director

17 December 2015

Directors' report for the 15 months ended 31 March 2015

The directors present their annual report and the audited financial statements of the company for the 15 months ended 31 March 2015.

Results

The results for the financial period are presented in the income statement on page 8.

Dividends

The directors do not recommend a final dividend (2013: £nil). An interim dividend of £635 million (£12.70 per share) was paid during the year (2013: £110 million, £2.20 per share).

Political and charitable contributions

There were charitable contributions made during the period totalling £500 (2013: £nil charitable donations).

Future developments

Future developments of the business are detailed in the strategic report.

Directors

The directors of the company who were in office during the period and up to the date of signing the financial statements were:

T Beer
S Anderson
C Tobin
N Swift

In accordance with the Articles of Association, none of the directors are required to retire from the board.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The Company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Employment policies

The directors pursue a policy of promoting equality of opportunity to all employees and of fostering and developing their involvement and interest in the company. Both formal and informal systems of communication are used and managers have a specific responsibility to communicate effectively with the employees. Copies of the Celesio group annual report and news releases are distributed to employees. These seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company performance.

Training and development are regarded as fundamental requirements and key to the retention of staff. Appropriate programmes exist at warehouse and head office level.

Employment policies *(continued)*

Wherever possible, disabled persons are given the same consideration for employment opportunities as other applicants and training and promotion prospects are identical. In particular, special consideration is given to continuity of employment in the case of an employee who becomes disabled, with suitable retraining for alternative employment, if practicable.

The company recognises the high standards required to ensure the health, safety and welfare of its employees at work, its customers and the general public. The policies in this regard are regularly reviewed with the objective of ensuring that these standards are maintained.

Financial risk management

The company is exposed to a variety of financial risks, which include credit, liquidity, foreign currency and interest rate risk. The company has employed a programme that seeks to manage and limit any adverse effects of these risks, which are described in more detail below, on the financial performance of the company.

The directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board, although use is made of a central treasury function which arranges the overall funding requirements of Celesio in the UK ('the UK group'). This central function operates within a framework of clearly defined policies and procedures. The function reports to the board on a regular basis.

The policies approved by the board of directors are implemented by the company's finance department and the central treasury function. The policies, which are documented in departmental manuals, cover funding and hedging instruments, exposure limits and a system of authority for the approval and execution of transactions.

Credit risk: the company has implemented policies that require appropriate credit checks on potential customers before sales are made. The finance and sales teams also liaise with customers on a regular basis to ensure that key issues are identified at an early stage.

Liquidity risk: the company participates in the banking arrangements of the UK group, which are arranged with the assistance of the central treasury function. The UK group funds its operations through a mix of retained earnings, borrowings and leasing that is designed to ensure that the company has sufficient funds for its day to day operations and other activities.

Cash flow requirements are monitored through projections which are compiled on a periodic basis across the group. The UK group operates a cash pooling arrangement in which the company participates. Under this arrangement, cash funds which are in excess of day to day requirements are loaned to other UK group companies.

Foreign currency and interest rate risk: the company uses instruments to manage its foreign currency risks, including forward currency contracts. The company also has both interest bearing assets and liabilities, these being managed within the UK group, including interest rate hedging contracts.

Financial risk management *(continued)*

Creditor payment policy

The policy of the company regarding the payment of trade creditors is determined internally. The policy is to:

a. agree the terms of payment with creditors at the outset of any supply chain partnership and in advance of any provision of goods and services; and
b. pay in accordance with the agreed terms and any other contractual or legal obligations.

The payment policy applies to all creditors for the supply of revenue and capital goods and services. The company had 45 days purchases outstanding at 31 March 2015 based on the average daily amount invoiced by suppliers during the year (2013: 50 days).

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the directors must not approve the financial statements unless they are satisfied that they give true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

(a) select suitable accounting policies and then apply them consistently;
(b) make judgments and accounting estimates that are reasonable and prudent;
(c) state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
(d) 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

Each person who is a director at the date of approval of this report confirms the following: so far as each director is aware (a) there is no relevant audit information - that is information needed by the company's auditors in connection with preparing their report - of which the company's auditors are unaware and (b) the director has taken all the steps necessary as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the Board

T Beer
Director

17 December 2015

AAH Pharmaceuticals Limited
Registered number: 00123458

Independent auditors' report to the members of AAH Pharmaceuticals Limited

We have audited the financial statements of AAH Pharmaceuticals Limited for the 15 month period ended 31 March 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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, 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 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's 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 31 March 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of AAH Pharmaceuticals Limited *(continued)*

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.

Mark Doleman FCA

Mark Doleman FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, United Kingdom,
18 December 2015

AAH Pharmaceuticals Limited

Income Statement for the 15 months ended 31 March 2015

	Notes	**2015** **£'000**	2013 £'000
Revenue	3	**3,653,265**	2,691,055
Cost of sales		**(3,317,452)**	(2,430,600)
Gross Profit		**335,813**	260,455
Other income	6b	**34,143**	19,350
Distribution costs and administrative expenses	7	**(186,266)**	(145,280)
Operating profit		**183,690**	134,525
Finance costs	8	**(523)**	(668)
Finance income	8	**47,110**	45,431
Profit before income tax	6a	**230,277**	179,288
Income tax expense	10	**(11,478)**	(40,095)
Profit for the financial period/year attributable to the equity holder of the parent		**218,799**	139,193

All of the activities of the company are classed as continuing.

AAH Pharmaceuticals Limited

Statement of Comprehensive Income for the 15 months ended 31 March 2015

	Notes	**2015** **£'000**	2013 £'000
Profit for the period/year		**218,799**	139,193
Other comprehensive income - items that will not be reclassified to profit or loss			
Actuarial loss on post employment benefit obligations	22	**(2,307)**	(1,486)
Deferred tax on actuarial losses	10	**462**	(185)
Other comprehensive income for the period/year net of tax		**(1,845)**	(1,671)
Total comprehensive income for the period/year attributable to the equity holders of the parent		**216,954**	137,522

AAH Pharmaceuticals Limited

Statement of Financial Position as at 31 March 2015

	Notes	2015 £'000	2013 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	**26,144**	23,842
Intangible assets	13	**431**	195
Finance lease	15	**1,361**	1,361
Other financial assets	16	**4,540**	8,842
Deferred income tax asset	10	**1,622**	2,922
		34,098	37,162
Current Assets			
Inventories	14	**184,793**	168,912
Trade and other receivables	15	**527,010**	936,103
Derivative financial instruments	27	**22**	3
Other financial assets	16	**1,976**	3,606
Cash and cash equivalents	17	**53,613**	10
		767,414	1,108,634
Total assets		**801,512**	1,145,796
Liabilities			
Non-current liabilities			
Other financial liabilities	18	**3**	92
Provisions	20	**2,696**	1,370
Pension liability	22	**619**	5,524
		3,318	6,986
Current liabilities			
Trade and other payables	19	**562,473**	431,355
Income tax liability		**1,560**	18,636
Other financial liabilities	18	**123**	30,826
Provisions	20	**44**	3,068
Derivative financial instruments	27	**79**	85
Other current liabilities	21	**23,448**	26,327
		587,727	510,297
Equity			
Issued capital	23	**50,000**	50,000
Retained earnings		**160,467**	578,513
Total equity		**210,467**	628,513
Total equity and liabilities		**801,512**	1,145,796

The financial statements and accompanying notes on pages 8 to 42 were authorised for issue by the board of directors on 17 December 2015 and were signed on its behalf by:

T Beer
Finance Director

Registered number: 00123458

AAH Pharmaceuticals Limited

Statement of Changes in Equity for the 15 months ended 31 March 2015

	Issued capital £'000	Retained Earnings £'000	Total £'000
Balance as at 1 January 2013	50,000	550,991	600,991
Other comprehensive income	-	(1,671)	(1,671)
Profit for the year	-	139,193	139,193
Dividends paid	-	(110,000)	(110,000)
Balance as at 1 January 2014	**50,000**	**578,513**	**628,513**
Other comprehensive income	-	(1,845)	**(1,845)**
Profit for the period	-	218,799	**218,799**
Dividends paid	-	(635,000)	**(635,000)**
Balance as at 31 March 2015	**50,000**	**160,467**	**210,467**

AAH Pharmaceuticals Limited

Statement of Cash Flows for the 15 months ended 31 March 2015

	Notes	2015	2013
		£'000	£000
Profit before tax		**230,277**	179,288
Net Finance costs		**(46,587)**	(44,763)
Operating Profit		**183,690**	134,525
Depreciation, impairment and amortisation		**7,473**	7,806
Loss on disposal of non-current assets		**18**	10
Profit on sale of investment		**(7,936)**	-
Pension contributions in excess of pension charge		**(6,637)**	(5,501)
Operating cash flows before changes in working capital		**176,608**	136,840
Changes in Working capital			
Increase in inventories		**(18,475)**	(3,464)
(Increase) / decrease in receivables		**(107,713)**	17,156
Increase in trade and other payables and provisions.		**89,528**	33,622
Cash flows from operating activities		**139,948**	184,154
Interest Paid		**(199)**	(272)
Corporation tax paid		**(28,554)**	(39,180)
Net cash generated from operating activities		**111,195**	144,702
Cash flows from investing activities			
Purchase of property plant and equipment		**(10,164)**	(4,101)
Purchase of equipment under lessor agreements		**(1,274)**	-
Purchase of intangible assets		**(236)**	(195)
Proceeds from disposal of property plant and equipment		**371**	216
Proceeds from sale of investment		**10,530**	-
Receipts from finance lease debtors		**1,180**	14
Repayments of loans advanced to customers		**5,932**	4,072
Payments of loans to other Celesio group companies		**(116,357)**	(155,234)
Interest received		**47,110**	45,605
Net cash used in from investing activities		**(62,908)**	(109,623)
Cash flows from financing activities			
Payment of finance lease liabilities		**(203)**	(131)
Increase in borrowings to affiliated parties		**36,108**	11,185
Dividends Paid		**-**	(110,000)
Net cash (used in) financing activities		**35,905**	(98,946)
Net increase/ (decrease) in cash and cash equivalents		84,192	(63,867)
			-
At the beginning of the period/year		**(30,654)**	33,213
At the end of the period/year	17	**53,538**	(30,654)

Notes to the financial statements for the 15 months ended 31 March 2015

1 Basis of preparation

The financial statements for the 15 months ended 31 March 2015 have been prepared on a going concern basis in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), IFRIC interpretations and in accordance with the Companies Act 2006.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial assets that have been measured at fair value.

The financial statements are presented in sterling and all values are rounded to the nearest thousand. The company is domiciled in the UK and registered in England and Wales (Number: 123458). The registered office address is Sapphire Court, Walsgrave Triangle, Coventry CV2 2TX.

The immediate parent undertaking is Admenta Holdings Limited. On 6 February 2014 the ultimate parent undertaking and controlling party of the Company changed from Franz Haniel & Cie GmbH, a company registered in Germany, to McKesson Corporation, a company registered in North America. This followed completion of the acquisition of more than 75% of Celesio shares by McKesson Deutschland GmbH & Co. KGaA (formerly Dragonfly GmbH & Co. KGaA).

The income statement has been prepared using the "expenses by function" method. The statement of financial position has been categorised into current and non-current items in accordance with IAS 1 '*Presentation of Financial Statements*'. To aid clarity, a number of items have been summarised both in the statement of financial position and in the income statement. These are discussed in detail in the notes to the financial statements.

Set out below is a summary of the principal accounting policies, which have been applied consistently except where stated.

2 Summary of significant accounting policies

Revenue
Revenue originates from the sale of merchandise and from the provision of services. Revenue and other operating income are recognised when the goods or services are delivered provided that the amount can be reliably measured and it is likely that economic benefits will flow to the Company. Any deductions from sales such as returned goods, rebates, discounts allowed and bonuses are deducted from gross revenue. Revenue excludes Value Added Tax.

The Company operates under agency contracts with certain suppliers where the Company collects amounts on behalf of third parties; these do not represent revenue as they do not represent an inflow of economic benefits for the Company. Only the agency fee and not the total proceeds are recognised as revenue of the entity. The Company is only regarded as the principal of such agency transactions if it bears the significant risks and rewards associated with the sale of the goods or the rendering of the services. In that case, the gross amount of merchandise delivered is recognised as revenue.

Taxes
Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date.

Current income tax relating to items recognised directly in equity is also recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2 Summary of significant accounting policies *(continued)*

Taxes *(continued)*

Deferred tax
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. This is unless the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Property, plant and equipment
Property, plant and equipment are carried at amortised cost, net of accumulated depreciation and/or accumulated impairment losses, if any. All repair and maintenance costs are recognised in the income statement as incurred.

With the exception of land, items of property, plant and equipment are depreciated on a straight-line basis over their useful lives. The following rates have been applied to the various asset categories:

Freehold buildings	2% straight line
Short leasehold land and buildings	2% straight line or over the period of the lease
Fixtures, fittings, plant and equipment	5% - 33.3% straight line
Motor vehicles	25% - 33.3% straight line

There is currently no depreciation charged on the 'Assets under construction' as they are not available for use, depreciation will be charged once the assets are fully constructed and are available for use.

Impairment losses are recorded on items of property, plant and equipment when the carrying amount of the asset exceeds the recoverable amount. These are reversed as soon as the reasons for the impairment no longer exist.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Intangible assets
Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

2 Summary of significant accounting policies *(continued)*

Intangible assets *(continued)*

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

There is currently no amortisation charged on the intangible assets as they are under construction.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, in particular whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Company as a lessee
Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the income statement as incurred.

Company as a lessor
Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

Leases where the Company transfers substantially all the risks and benefits of ownership of the assets are classified as finance leases. The present value of the lease payments are recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on weighted average purchase price basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Where necessary, allowance is made for obsolete, slow moving and defective inventory.

Inventories held under agency agreements do not represent assets for which the Company has all the risks and rewards. Therefore this inventory is not recognised in the Company's financial statements.

2 Summary of significant accounting policies *(continued)*

Financial assets

(i) Initial recognition and measurement

All financial assets are recognised initially at their fair value. The Company's financial assets include cash and cash equivalents, trade receivables, loan and other receivables and derivative financial instruments.

(ii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

Financial assets at fair value through profit and loss (including derivatives) are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance cost in the income statement. The Company has not designated any financial assets upon initial recognition as fair value through profit or loss.

Available for sale financial investments include equity investments which are neither classified as held for trading nor designated at fair value through profit or loss. After initial measurement, available for sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available for sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in finance costs.

The Company does not have any held-to-maturity investment financial assets.

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.

(iv) Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

2 Summary of significant accounting policies *(continued)*

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Financial liabilities
(i) Initial recognition and measurement
Financial liabilities are classified as financial liabilities at fair value through profit or loss or as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

The Company's financial liabilities include trade and other payables, bank overdraft, loans and borrowings, financial guarantee contracts, obligations under finance leases and derivative financial instruments.

(ii) Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings:
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the income statement.

Financial guarantee contracts:
Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised as a liability when it is likely there will be an outflow of resources. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

(iii) Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(iv) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(v) Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations without any deduction for transaction costs.

Derivative financial instruments
The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives are taken directly to the income statement.

2 Summary of significant accounting policies *(continued)*

Provisions
Provision is made in the financial statements for present obligations arising from past events, where there is a reasonable degree of certainty as to their amount and date of settlement. Where there is a potential obligation based on a past event which will probably not result in the Company's assets being utilised, or amounts due upon the realisation of the obligation cannot be estimated with sufficient reliability, no provision is made, but a contingent liability is disclosed in the financial statements.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Currency translation
Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the rates ruling at that date. Any such translation differences are taken to the income statement. Non-monetary items denominated in foreign currencies are translated using the exchange rate at the date of the transaction.

Pensions

The Company contributes to group pension schemes operated by Admenta UK Limited, including defined benefit and defined contribution schemes.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

IAS 19 Employee Benefits (Revised 2011) is mandatory with effect from 1 January 2013; however it was adopted early in 2012. The cost of providing benefits under the defined benefit plan is determined by using the projected unit credit method. This method involves considering the biometric parameters and the respective long-term interest rates on the capital markets as well as the latest assumptions on future salary and pension increases. Re-measurement comprising actuarial gains and losses are recognised immediately on the statement of financial position with a charge or credit to other comprehensive income. The past service costs are recognised as an expense at the earlier of when the plan amendment or curtailment occurs and when the company recognises related restructuring costs or termination benefits. The net interest on the net defined benefit liability is reported within finance costs.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less past service costs and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value is based on market price information and in the case of quoted securities it is the published bid price.

Dividend distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

Non-current assets held for sale

Non-current assets are classified as held for sale if the carrying value will be recovered principally through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the assets are available for immediate sale in its present condition and management is committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of the classification.

2 Summary of significant accounting policies *(continued)*

Management estimates and judgements
The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Deferred taxes
The measurement of deferred tax assets and liabilities requires management to make assumptions and estimates. Besides interpreting the tax provisions applicable to the Company, the calculation of deferred tax assets on temporary differences and unused tax losses depends in particular on an appraisal of whether the entity will generate sufficient taxable income in future.

All assumptions and estimates are based on circumstances prevailing at the statement of financial position date. Future events and changes in conditions often mean that the actual amounts differ materially from the estimated figures. In such cases, the assumptions, and if necessary the carrying amounts of the assets and liabilities concerned, are adjusted accordingly.

Pension benefits
The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Additional information is disclosed in note 22.

Trade receivables and other assets
Allowances for trade receivables and other assets are based to a large extent on estimates and judgements of individual receivables taking the creditworthiness of the respective customer into account. When measuring allowances, assumptions and estimates play an important role when assessing the probability of utilisation, the obligation amount and the interest rates used for non-current provisions.

Inventories
Allowances are made for obsolete, slow moving and defective inventory. The assumptions used in estimating allowances are reviewed at each reporting date.

Other provisions
Other provisions are made in the financial statements for present obligations arising from past events, where there is a reasonable degree of certainty as to their amount and date of settlement. Key assumptions used in estimating other provisions including occupancy levels for surplus property and discount rates are reviewed at each reporting date.

2 Summary of significant accounting policies *(continued)*

Amendments to IFRSs and the new Interpretations that are mandatorily effective for the current year
In the current year, the company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*	The Company has adopted the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 *Fair Value Measurements*. The application of these amendments has had no material impact on the disclosures in the company's financial statements
Amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*	The Company has adopted the amendments *to* IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. As the company does not have any derivatives that are subject to novation, the adoption of these amendments has had no impact on the disclosures or on the amounts recognised in the company's financial statements.
IFRIC 21 Levies	The company has adopted IFRIC 21 Levies for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the company's financial statements.
Amendments to IAS 32 Offsetting financial assets and financial liabilities	The company has adopted the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off', and simultaneous realisation and settlement'. As the company does not have any financial assets and financial liabilities that qualify for offset, the adoption of the amendments has had no impact on the disclosures or on the amounts recognised in the company's financial statements.

2 Summary of significant accounting policies *(continued)*

New and revised IFRSs in issue but not yet effective
At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IAS 16 and IAS 38 (amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 16 and IAS 41 (amendments)	Agriculture: Bearer Plants
IAS 19 (amendments)	Defined Benefit Plans: Employee Contributions
IAS 27 (amendments)	Equity Method in Separate Financial Statements
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Annual Improvements to IFRSs: 2010-2012	Amendments to : IFRS2: Share-based Payments, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets.
Annual Improvements to IFRSs: 2011-2013	Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property.
Annual Improvements to IFRSs: 2012-2014 Cycle	Amendments to: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures .Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

3 Revenue

Revenue is generated wholly in the United Kingdom. The breakdown of revenue is as follows:

	2015	2013
	£'000	£'000
Sales of goods	**3,635,527**	2,676,788
Services	**17,738**	14,267
	3,653,265	2,691,055

The Directors consider there is one business segment being the distribution of pharmaceutical and healthcare products and services in the UK.

4 Directors' emoluments

Key management are the directors of the Company. Compensation for key management is detailed below.

	2015 £'000	2013 £'000
Aggregate emoluments	**872**	979

Retirement benefits under defined benefit schemes are accruing to one individual who was a director of the company during the period (2013: two directors).

Highest paid director	2015 £'000	2013 £'000
Aggregate emoluments	**449**	462

5 Employee information

The average monthly number of persons (including executive directors) employed during the year was:

By function	2015 Number	2013 Number
Distribution	**2,387**	2,400
Administration	**403**	434
	2,790	2,834

Staff costs	2015 £'000	2013 £'000
Wages and salaries	**81,103**	65,314
Social security costs	**5,664**	5,100
Other pension costs	**2,427**	2,107
	89,194	72,521

6 Profit before income tax

Profit before income tax is stated after charging / (crediting) the following:

	2015 £'000	2013 £'000
(a) Expenses		
(Profit)/Loss on disposal of property, plant and equipment	**(206)**	10
Depreciation – property, plant and equipment:		
Charge for the year on owned assets	**7,277**	4,778
Charge for the year on assets held under finance leases	**196**	210
Impairment of software	**-**	2,818
Operating lease rentals		
Other	**7,191**	5,380
Land, buildings and motor vehicles	**15,520**	11,132
Staff costs	**89,194**	72,521
Cost of inventories recognised within cost of sales	**3,317,452**	2,430,600
Including: - write down of inventories to net realisable value	**1,693**	2,805
Profit on disposal of investments	**(7,936)**	-
Restructuring costs	**-**	458
Services provided by the company's auditor		
Fees payable for the statutory audit	**229**	223
Fees payable for audit related services	**177**	227

	2015 £'000	2013 £'000
(b) Other income		
Operating income from third parties	**(32,245)**	(18,974)
Operating income from affiliates	**(1,898)**	(376)
	(34,143)	(19,350)

Other operating income represents income from the provision of services to other group companies, promotional income, income from the rental of properties and also from the sale of data.

Restructuring costs are explained more fully in note 20.

7 Distribution costs and administrative expenses

	2015 £'000	2013 £'000
Staff costs	**89,194**	72,521
Other expenses	**89,599**	64,953
Depreciation and amortisation	**7,473**	7,806
	186,266	145,280

8 Finance income and expenses

	2015 £'000	2013 £'000
Finance costs		
Interest on borrowings	**-**	7
Interest expense on pension	**294**	393
Interest expenses on other provisions	**30**	-
Finance charges payable under finance leases and hire purchase agreements	**199**	268
	523	668

	2015 £'000	2013 £'000
Finance income		
Interest income on loans and receivables	**47,110**	45,431
	47,110	45,431

Interest expense on pensions were as follows:		
Interest on plan assets	**6,319**	4,834
Interest on scheme liabilities	**(6,613)**	(5,227)
Net Interest expense	**(294)**	(393)

Interest income relates primarily to interest earned on intercompany balances which attracted interest equivalent to the overall cost of borrowing for the UK group of 0.53% (2013: 5.41%).

9 Components of other comprehensive income

	2015 £'000	2013 £'000
Actuarial loss on post-employment benefit obligations net of tax	**(1,845)**	(1,671)
	(1,845)	(1,671)

10 Income tax expense

The major components of income tax expense for the period ended 31 March 2015 and year ended 31 December 2013 are:

Income statement	**2015 £'000**	2013 £'000
Current income tax:		
UK corporation tax at 21.4% (2013: 23.25%)	**9,746**	41,170
Adjustment in respect of previous years	**(30)**	(1,815)
	9,716	39,355
Deferred tax		
Relating to origination and reversal of temporary differences	**1,749**	694
Impact of change in tax rate	(17)	19
Adjustment in respect of previous years	30	27
	1,762	740
Income tax expense reported in the income statement	**11,478**	40,095
Statement of other comprehensive income		
Deferred tax related to items credited directly to equity during the period /year	**(462)**	185
Income tax (credited)/ charged directly to equity	**(462)**	185

The standard rate of corporation tax in the UK reduced from 23% to 21% with effect from 1 April 2014. Accordingly the company's profits for this accounting period are taxed at an effective rate of 21.4%.

Finance Act 2013 also included legislation to reduce the main rate of corporation tax to 20% from 1 April 2015. This change has no impact on these financial statements.

The tax assessed on the profit on ordinary activities for the period is lower (2013: lower) than the average rate of corporation tax in the UK of 21.4% (2013: 23.25%). The difference is reconciled below

The company is part of UK Group relief where tax losses in related companies can be used to offset income. The company will be receiving some tax losses from a related company for nil consideration and therefore a tax liability has not been recognised for that income which will be offset by those tax losses under UK Group relief.

Notes to the financial statements for the 15 months ended 31 March 2015 *(continued)*

10 Income tax expense *(continued)*

	2015	2013
	£'000	£'000
Profit before tax	**230,277**	179,288
Profit before tax multiplied by the average rate of UK corporation tax of 21.4% (2013: 23.25%)	49,279	41,684
Income offset by group losses	**(36,980)**	-
Expenses not deductible for tax purposes	**(804)**	293
Timing differences and other items	**-**	(113)
Current tax adjustments in respect of previous years	**(30)**	(1,815)
Impact of change in tax rate	**(17)**	19
Deferred tax adjustments in respect of previous years	**30**	27
Income tax expense reported in the income statement	**11,478**	40,095

Deferred taxation

	2015	2013
	£'000	£'000
The movements in the total deferred tax asset are as follows:		
At the beginning of the period/year	**(2,922)**	(3,847)
Deferred tax movement in the income statement	**1,762**	740
Deferred tax movement in the statement of comprehensive income	**(462)**	185
At the end of the period/year	**(1,622)**	(2,922)

The deferred taxation asset recognised in the financial statements can be analysed as follows:

	2015	2013
	£'000	£'000
Decelerated capital allowances	**(531)**	(648)
Short term timing differences	**(967)**	(1,169)
Deferred tax on pension liability	**(124)**	(1,105)
Total deferred taxation asset	**(1,622)**	(2,922)

Notes to the financial statements for the 15 months ended 31 March 2015 *(continued)*

11 Dividends

	2015 £'000	2013 £'000
Equity Ordinary		
Interim dividend: £12.70 per £1 share (2013: £2.20 per £1 share)	**(635,000)**	(110,000)

12 Property, plant and equipment

	Freehold land and buildings £'000	Short lease hold land and buildings £'000	Fixtures, fittings, plant and equipment £'000	Motor vehicles £'000	Assets Under construction £'000	Total £'000
Cost						
At 1 January 2013	**483**	**11,622**	**74,368**	**2,752**	**235**	**89,460**
Additions	-	854	1,603	-	1,644	4,101
Transfers	-	48	214	11	(273)	-
Disposals	-	-	(680)	(251)	-	(931)
At 1 January 2014	**483**	**12,524**	**75,505**	**2,512**	**1,606**	**92,630**
Additions	-	4,271	3,831	264	1,798	10,164
Transfers	-	-	3,177	-	(3,177)	-
Disposals	-	(114)	(686)	(12)	-	(812)
At 31 March 2015	**483**	**16,681**	**81,827**	**2,764**	**227**	**101,982**
Accumulated depreciation						
At 1 January 2013	**164**	4,761	57,834	1,746	-	64,505
Charge for the year	9	846	3,905	228	-	4,988
Disposals	-	-	(455)	(250)	-	(705)
At 1 January 2014	**173**	**5,607**	**61,284**	**1,724**	**-**	**68,788**
Charge for the year	3	2,433	4,734	303	-	7,473
Disposals	-	(21)	(394)	(8)	-	(423)
At 31 March 2015	**176**	**8,019**	**65,624**	**2,019**	**-**	**75,838**
Net book value						
At 31 March 2015	**307**	**8,662**	**16,203**	**745**	**227**	**26,144**
At 31 December 2013	**310**	**6,917**	**14,221**	**788**	**1,606**	**23,842**

Property, plant and equipment shown above include assets held under finance leases that have a cost of £1,040,000 (2013: £1,043,000) and a net book value of £22,000 (2013: £219,000). There were additions of £nil during the period/year (2013: £64,000) of property, plant and equipment held under finance leases and hire purchase and disposals of £3,000 (2013; £nil). Leased assets and assets under hire purchase and hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Notes to the financial statements for the 15 months ended 31 March 2015 *(continued)*

13 Intangible assets

	Software £'000
Cost	
At 1 January 2013	**3,239**
Additions	195
At 1 January 2014	**3,434**
Additions	236
At 31 March 2015	**3,670**
Accumulated depreciation	
At 1 January 2013	**421**
Impairment	**2,818**
At 1 January 2014 and 31 March 2015	**3,239**
Net book value	
At 31 March 2015	**431**
At 31 December 2013	**195**

14 Inventories

	2015 £'000	2013 £'000
Finished goods and goods for resale	**184,793**	168,912

In the reporting period inventories were written down by £1,693,000 (2013: £2,805,000).

15 Trade and other receivables

	2015 £'000	2013 £'000
Current		
Trade receivables from third parties	**318,618**	189,314
Receivables from affiliated companies: Trade	**198,668**	199,962
Receivables from affiliated companies: Intragroup funding	-	517,349
Other assets	**2,253**	25,010
Prepayments and accrued income	**6,929**	4,020
Finance leases	**542**	448
	527,010	936,103
Non - current		
Finance leases	**1,361**	1,361

Trade receivables are non-interest bearing and generally on 30 day terms.

Receivables from affiliated companies: Intragroup funding balance related to amounts receivable from other entities in the Celesio AG group associated with the Celesio AG group treasury funding arrangements. These balances are unsecured and have no fixed repayment date, other than that they are payable on demand. The balances were either interest free or attracted interest equivalent to the overall cost of borrowing for the Celesio related companies in the UK, of 0.53% (2013: 5.41%).

Other assets include supplier claims and rebates, creditors with debit balances, receivables from employees and other short-term receivables from customers.

As at 31 March 2015, trade receivables of £4,466,000 (2013: £7,344,000) were impaired and fully provided. The table below presents the movement on allowances for trade receivables in the year.

	2015 £'000	2013 £'000
Allowances brought forward	**(7,344)**	(7,437)
Additions	**(2,175)**	(1,310)
Utilisations	**5,053**	1,403
Allowances carried forward	**(4,466)**	**(7,344)**

15 Trade and other receivables (continued)

As at the period end, the ageing analysis of trade receivables from third parties is as follows:

	2015	2013
	£'000	£'000
Carrying amounts of trade receivables that are not impaired	**318,618**	189,314
Carrying amounts of trade receivables that are not impaired or overdue	**268,695**	185,646
Carrying amounts of overdue trade receivables that are not impaired	**49,923**	3,668
of which < 3 months	**46,565**	3,668
of which 3 – 6 months	**3,017**	-
of which 6 – 12 months	**342**	-
of which > 12 months	**-**	-

In the case of the trade receivables that are not impaired, there is no indication that the debtors will not be able to meet their payment obligations.

16 Other financial assets

	2015	2013
	£'000	£'000
Current		
Other assets	**1,976**	3,606

	2015	2013
	£'000	£'000
Non – current		
Available-for-sale financial assets	**52**	52
Other assets	**4,488**	8,790
	4,540	8,842

Available for sale financial assets:

The Company holds a participating interest in Tredimed SA, a purchasing company incorporated in France. This interest at 31 March 2015 consisted of 2,500 preferential shares of 200 French Francs and 2,500 ordinary shares at a par value of 3.70 EUR per share representing a 25% holding. The Company's shareholding remains at 25%. Tredimed SA is a subsidiary of Celesio AG, the latter owning 100% of the issued share capital either directly or via intermediate subsidiary companies. The directors believe that the carrying value of the investments is supported by their underlying net assets.

Other assets include loans receivable from customers.

Notes to the financial statements for the 15 months ended 31 March 2015 *(continued)*

17 Cash and cash equivalents

	2015 £'000	2013 £'000
Cash at bank and in hand	**53,613**	10
Bank loans and overdraft	**(75)**	(30,664)
	53,538	(30,654)

18 Other financial liabilities

	2015 £'000	2013 £'000
Current financial liabilities		
Bank loans and overdraft	**75**	30,664
Obligations under finance leases and hire purchase agreements	**48**	162
	123	30,826
Non – current financial liabilities		
Obligations under finance leases and hire purchases agreements	**3**	92

19 Trade and other payables

	2015 £'000	2013 £'000
Trade payables	**472,715**	377,705
Amounts owed to affiliated companies: Trade	**13,851**	2,924
Amounts owed to affiliated companies: Intragroup funding	**75,907**	50,726
	562,473	431,355

Amounts owed to affiliated companies: intragroup funding shown above as falling due within one year are unsecured and are repayable within one month of the statement of financial position date. These balances are either interest free or incur interest equivalent to the overall cost of borrowing for the UK group of 0.53% (2013: 5.41%). There are no undrawn borrowing facilities.

Notes to the financial statements for the 15 months ended 31 March 2015 *(continued)*

20 Provisions

	Dilapidations / ARO	Guarantee obligations	Restructuring	Total
	£'000	£'000	£'000	£'000
At 1 January 2014	-	777	3,661	**4,438**
Charged to the income statement	1,539	(2)	-	**1,537**
Utilised during the period	-	(212)	(3,023)	**(3,235)**
At 31 March 2015	**1,539**	**563**	**638**	**2,740**

Analysis of total provisions	**2015**	2013
Non-current	**£'000**	**£'000**
Restructuring	2,132	593
Guarantee obligations	564	777
	2,696	**1,370**
Current	**£'000**	**£'000**
Restructuring	44	3,068
	44	**3,068**

The dilapidations / ARO provision relates to the dilapidation (asset retirement obligations) costs associated to the warehouses and properties leased.

The provision for guarantee obligations relates to the exposure of AAH Pharmaceuticals Limited on guarantees provided by the Company relating to bank loans to pharmacy customers. It is expected that the provision will be utilised over the periods in which the guarantees are in force, which can be up to 9 years.

The opening position on the restructuring provision represents costs associated with the restructuring programme of the Company head office and Network functions. The utilisation in the year represents the costs related to the restructure during the financial period. The closing balance is predominantly made up of the provision for costs related to the closure of the defined contribution pension scheme.

21 Other current liabilities

	2015	2013
	£'000	£'000
Other taxation and social security liabilities	**9,156**	6,995
Accruals and deferred income	**7,525**	9,104
Other liabilities	**1,806**	7,644
Sales ledger credit balances	**4,961**	2,584
	23,448	26,327

22 Pension obligations

AAH Lloyds Pension Scheme
The Company participates in the AAH Lloyds Pension Scheme, which is a defined contribution scheme.

The contributions paid by the Company to the scheme during the 15 month period to March 2015 amounted to £1,536,000 (2013: £1,277,000). Included in other creditors at the statement of financial position date were amounts of £nil in respect of contributions (2013: £nil).

Admenta Pension Scheme
The Company also participates in the Admenta Pension Scheme, which is operated by Admenta UK Limited (a parent company in the Celesio group in the UK). This is a final salary defined benefit scheme with members of the scheme employees of the Company or Lloyds Pharmacy Limited. The defined benefit liability is allocated between the Company and Lloyds Pharmacy Limited based on the sponsoring employer for each member of the scheme. The defined benefit disclosures in these financial statements relate to the Company's share of the schemes assets and liabilities the remaining assets and liabilities of the scheme are disclosed in the Lloyds Pharmacy Limited financial statements. Through this scheme the Company is exposed to a number of risks, the most significant of which are as follows:

Asset volatility:
The Scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if Scheme assets underperform this yield, this will create a deficit. The UK plans hold a significant proportion of assets in return seeking assets such as equities, property and diversified growth funds, which are expected to outperform corporate bonds in the long-term while providing more volatility and risk in the short-term.

As the Scheme matures, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Scheme has gradually increased its corporate bond holdings over time to the current level of 65%. The Company believes that due to the long term nature of the Scheme liabilities and the strength of the supporting Company a level of continuing investment in return seeking assets is appropriate.

Changes in bond yields:
A decrease in corporate bond yields will increase Scheme liabilities, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

Inflation risk:
The majority of the Scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, restrictions on the level of inflationary increases are in place to protect the Scheme against extreme inflation). The majority of the Scheme's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy:
The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the Scheme's liabilities.

All schemes are funded and constituted as independently administered funds with their assets being held separately from those of the Company. The operating costs for the schemes were borne by the relevant fund.

Notes to the financial statements for the 15 months ended 31 March 2015 *(continued)*

22 Pension obligations (continued)

Admenta Pension Scheme

A full actuarial valuation was carried out as at 6 April 2014 and was updated to 31 March 2015 by a qualified independent actuary. The major assumptions used by the actuary were as follows:

	2015	2013
Rate of increase in salaries	**4.00%**	4.40%
Rate of increase in pensions in payment	**3.00%**	3.40%
Discount rate	**3.10%**	4.70%
Inflation assumption	**3.00%**	4.40%
Assumed life expectancies on retirement at age 65:		
Retiring today – males	**87.6**	87.7
Retiring today – females	**89.3**	89.5
Retiring in 20 years – males	**89.3**	88.8
Retiring in 20 years – females	**91.2**	89.8

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is shown in the table below. The value of the defined benefit obligation after adjusting the assumption by the amount stated is as follows:

Value of defined benefit obligation

	2015 £'000	2013 £'000
Increase in discount rate of 0.5%	**132,804**	117,025
Decrease in discount rate of 0.5%	**153,343**	133,360
Increase in rate of pension progression of 0.5%	**147,484**	128,756
Decrease in rate of pension progression of 0.5%	**137,856**	121,168
Increase in rate of increase in salaries of 0.5%	**143,208**	125,399
Decrease in rate of increase in salaries of 0.5%	**141,745**	124,104
Increase in mortality of retiree of 10%	**137,914**	120,932
Decrease in mortality of retiree of 10%	**147,634**	129,062

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The contributions paid by the company in the period amounted to £7,530,000 (2013: £6,325,000), including £nil (2013: £nil) in respect of past service.

The Company expects to contribute £5,806,000 to its defined benefit plan over the 12 months to 31 March 2016.

22 Pension obligations (continued)

Admenta Pension Scheme *(continued)*

Every three years a formal actuarial valuation is carried out for the Scheme. As part of the valuation the funding position of the Scheme will be assessed and the Trustees and Company will agree the contributions payable by the Company in respect of any funding deficit.

The last funding valuation was carried out as at 6 April 2014 which resulted in a new funding plan agreed from 15 December 2014. The Company has committed to pay deficit funding contributions totalling £4,950,000 in the year to April 2016. Contributions towards benefit accrual and the expenses of running the Scheme are payable in addition.

The next funding valuation will be carried out as at 6 April 2017 after which a new contribution agreement will be put in place. The results of the valuation are expected to be available for the 2017 financial statements.

The agreed contribution rate of the Company for the coming year is 29% per annum of pensionable salaries (2013: 21.4%). In addition, £23,750 is payable per month to finance the expected expenses and levies incurred by the Scheme. There is currently no agreed allocation of a deficit or rights on wind up of the Scheme.

The pension plan is closed to new entrants so the average age of the membership is expected to increase over time. The projected unit method is used to calculate the current service cost. This calculates the value of the following years' pension accrual and expresses it as a percentage of pensionable pay. This percentage will increase as the members of the scheme approach retirement. Surpluses and deficits are dealt with over the expected working lifetime of the members by appropriate adjustments to the contribution rates. The weighted average duration of the defined benefit obligation is 15 years (2013: 14 years).

Plan assets are comprised as follows:

	2015 **£'000**	2013 £'000
Equity Instruments (Quoted)		
- UK	**11,452**	11,600
- European	**6,529**	2,738
- Japan	**4,358**	3188
- Pacific Basin	**701**	-
- US	**5,230**	5,493
Debt Instruments (Quoted)		
- AAA	**9,957**	8,990
- AA	**7,214**	13,090
- A	**5,770**	25,892
- BBB	**15,936**	21,792
- BB	**14,694**	1,654
- B	**3,490**	-
- CCC / CC	**-**	-
- Unknown/unrated	**27,748**	502
Real Estate (Quoted)	**7,306**	6,051
Insurance Contracts (Unquoted)	**1,325**	1,342
Cash and Cash Equivalents	**821**	199
Standard Life Global Absolute Return Fund (Quoted)	**19,325**	16,694
Total Plan Assets	**141,856**	119,225

22 Pension obligations (continued)

Admenta Pension Scheme *(continued)*

	2015	2013
	£'000	£'000
Total benefit liability		
Fair value of scheme assets	**141,856**	119,225
Present value of funded defined benefit obligation	**(142,475)**	(124,749)
Net defined benefit liability	**(619)**	(5,524)

The amounts charged to the income statement can be analysed as follows:

	2015	2013
	£'000	£'000
Current service cost	**893**	825
Past service costs & curtailments	**(869)**	-
Interest on scheme assets	**(6,185)**	(4,834)
Interest on scheme liabilities	**6,479**	5,227
Net defined benefit expense	**318**	1,218

Of the total charge, £24,000 (2013: £825,000) and £294,000 (2013: £393,000) were included in 'administrative expenses' and 'finance costs' respectively.

The amounts charged to the statement of comprehensive income can be analysed as follows:

	2015	2013
	£'000	£'000
Experience adjustments of defined benefit obligation	**753**	(126)
Experience adjustments of plan assets	**16,639**	1,461
Effects from changes in financial assumptions	**(19,699)**	(2,821)
Net actuarial loss	**(2,307)**	(1,486)

Movements in the present value of the defined benefit obligation are as follows:

	2015	2013
	£'000	£'000
Defined benefit obligation as at the beginning of the period/year	**124,749**	121,558
Movement in year:		
Current service cost	**893**	825
Past service cost and curtailments	**(869)**	-
Contributions by employees	**76**	77
Interest cost	**6,479**	5,227
Benefits paid	**(7,799)**	(5,885)
Actuarial gain / (loss) arising from changes in demographic assumptions	**(753)**	126
Actuarial loss arising from changes in financial assumptions	**19,699**	2,821
Defined benefit obligation as at end of the period/year	**142,475**	124,749

22 Pension obligations (continued)

Admenta Pension Scheme *(continued)*

Movements in the fair value of plan assets are as follows:

	2015 £'000	2013 £'000
Fair value of plan assets at the beginning of the period/year	**119,225**	112,413
Movement in year:		
Interest on scheme assets	**6,185**	4,834
Return on plan assets in excess of interest on scheme assets	**16,639**	1,461
Contributions by employer	**7,530**	6,325
Contributions by employee	**76**	77
Benefits paid	**(7,799)**	(5,885)
Fair value of plan assets at the end of the period/year	**141,856**	119,225

The actual return on scheme assets in the year was £22,824,000 (2013: £6,295,000).

Included in other creditors at the statement of financial position date were amounts of £nil accrued in respect of Admenta Pension Scheme contributions (2013: £nil).

23 Issued share capital

	2015 £'000	2013 £'000
Authorised, allotted, called and fully paid		
50,000,000 ordinary shares of £1 each	**50,000**	50,000

24 Capital commitments

The Company had capital commitments at 31 March 2015 of £49,000 (2013: £254,000).

25 Lease commitments

Operating leases
At 31 March 2015, as lessee, the future minimum rentals payable under non-cancellable operating leases are as follows:

	31 March 2015		31 December 2013	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within 1 year	**5,868**	**5,780**	6,334	5,800
After 1 year but not more than 5 years	**17,835**	**5,407**	20,120	5,037
More than 5 years	**16,527**	-	19,956	-
	40,230	**11,187**	46,410	10,837

Notes to the financial statements for the 15 months ended 31 March 2015 *(continued)*

Other non-cancellable leases comprises of motor vehicles.

Certain property and vehicle lease interests are administered by AAH Pharmaceuticals Limited on behalf of Barclay Pharmaceuticals Limited, which are recharged at cost. The commitments of £14,512,000 which are managed on behalf of Barclay Pharmaceuticals Limited are disclosed in the financial statements of that company.

Finance leases – Lessor
The Company has finance lease arrangements with customers for pharmacy equipment. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the lessee. Future minimum lease payment receivables under finance lease contracts are as follows:

	2015 **£'000**	2013 £'000
Within 1 year	**542**	448
In more than 1 year, but no more than 5 years	**1,361**	1,361
Present value	**1,903**	1,809

The minimum lease payments receivable at the end of the reporting period closely represent the gross investment in the lease at the end of the reporting period.

26 Contingent liabilities

	2015 **£'000**	2013 £'000
Guarantee of loans for pharmacy customers	**34,211**	54,655
	34,211	54,655

The Company has guaranteed bank loans to independent retail pharmacist customers. The guarantees are conditional upon the retail pharmacists remaining customers of the Company. In the opinion of the directors no material unprovided loss will arise in connection with these arrangements. The Company has also guaranteed a part of the trade debt of pharmacy customers. The provision for guarantee obligations is presented in note 20.

27 Derivative financial instruments

	2015 **Asset** **£'000**	**2015** **Liability** **£'000**	**2013** **Asset** **£'000**	**2013** **Liability** **£'000**
Forward currency contracts	**22**	**79**	**3**	**85**

28 Financial risk management and derivative financial instruments

a) Principles of risk management
The Company is exposed to risks resulting from changes in exchange rates and interest rates. Based on a risk appraisal, selected hedging instruments are used to limit these risks where appropriate.

The use of derivatives is subject to uniform group guidelines, compliance of which is monitored constantly. These include functional segregation of trading, settlement and accounting activities and the authorisation of only a few qualified employees to enter into derivative financial instruments. All derivatives are entered into exclusively for hedging purposes and are entered into only with selected banks. Derivatives are not used for trading or other speculative purposes.

b) Interest rate risks
The Company is exposed to certain interest rate risk, i.e. short-term fluctuation in interest rates leading to changes in the interest due or owed.

At 31 March 2015, if interest rates had been 1% higher/lower with all other variables held constant, pre-tax profit for the year would have been £87,628,000 (2013: £8,281,000) higher/lower.

c) Foreign currency risk
Foreign currency risks refer to the possible impairment of statement of financial position items and any forward transactions due to fluctuations in exchange rates. The currency risks mostly relate to operating activities. As the Company largely settle their operating business in its functional currency, the transaction risk from foreign currencies can be classified as low. The major part of the foreign exchange rate risks results from euro (EUR) and US dollar (USD) movements against Sterling (GBP).

At 31 March 2015, the Company has foreign currency forward contracts outstanding which have been designated as fair value through the profit and loss. The nominal value of forward contracts outstanding at the year-end is £13,282,000 (2013: £17,960,000).

At 31 March 2015 if the currency had weakened/strengthened by 10% against the US dollar with all variables held constant, pre-tax profit would have been £360,000 (2013: £263,000) lower/higher.

At 31 March 2015 if the currency had weakened/strengthened by 10% against the Euro with all variables held constant, pre-tax profit would have been £20,000 (2013: £92,000) lower/higher.

d) Credit risk
Due to its existing customer structure, the bad debt risk in the Company can be classified as low as the large customers are operators of the healthcare systems and therefore in the past enjoyed a very high credit standing, however there are credit checks carried out on all customers.

e) Liquidity risk
Liquidity risk is understood as the risk that the Company will not be in the position to meet its ongoing payment obligations at any time. The liquidity risk is managed by means of centralised financial planning by the parent company, Admenta Holdings Limited, which provides the required finance for operations and capital expenditure between AAH and its sister companies. Liquidity management takes the form of rolling liquidity planning taking into account existing lines of credit. The parent company has a significant amount of unused long-term confirmed lines of credit and bank guarantees, can make use of these at any time and bears the majority of the liquidity risk for the UK operations.

Notes to the financial statements for the 15 months ended 31 March 2015 *(continued)*

28 Financial risk management and derivative financial instruments *(continued)*

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments at the reporting date.

	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
	£'000	£'000	£'000	£'000	£'000
Year ended 31 March 2015					
Financial liabilities					
Obligations under finance leases and hire purchase contracts	-	48	3	-	51
Derivative financial instrument	-	79	-	-	79
Trade and other payables	-	562,473	-	-	562,473
Bank loans and overdraft	-	75	-	-	75
	-	562,675	3	-	562,678
Year ended 31 December 2013					
Financial liabilities					
Obligations under finance leases and hire purchase contracts	-	162	92	-	254
Derivative financial instrument	-	85	-	-	85
Trade and other payables	-	431,355	-	-	431,355
Bank loans and overdraft	-	30,664	-	-	30,664
	-	462,266	92	-	462,358

f) Capital management

The prime objective of the Company's capital management is to ensure that it maintains the financial flexibility needed to allow for value-creating investments as well as healthy statement of financial position ratios.

The Company monitors internally its capital structure based on the equity ratio, gearing and the interest coverage ratio. No mandatory external guidelines need to be observed in this respect.

	2015	2013
	£'000	£'000
Equity	**173,487**	628,513
Total Assets	**801,512**	1,145,796
Equity ratio	**22%**	55%
Net financial debt (Bank loans and overdrafts, intergroup funding payable and other financial liabilities)	**76,033**	81,644
Equity	**173,487**	628,513
Gearing	**0.44**	0.13
Operating profit	**183,690**	134,525
Finance expense	**523**	668
Interest coverage ratio	**351.22**	201.38

28 Financial risk management and derivative financial instruments *(continued)*

g) Fair values
The carrying amount of the Company's current and non-current assets and liabilities approximate their fair value.

The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly;
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Company's derivative financial instruments measured at fair value, being foreign exchange contracts, are classified as level 2 according to the hierarchy above.

29 Related party transactions

Related parties, as defined by IAS 24, include the management board of AAH Pharmaceuticals Limited and the ultimate majority shareholder, McKesson Deutschland GmbH & Co. KGaA (formerly Dragonfly GmbH & Co. KGaA) and its subsidiaries, as well as associates.

The items from the related party transactions are presented below:

		Sales to related parties	Purchases from related parties	Interest received from related parties	Amounts owed by related parties	Amounts owed to related parties
		£'000	£'000	£'000	£'000	£'000
Parent						
McKesson Corporation, USA	**2015**	-	-	-	-	-
Celesio AG, Germany	2013	419	5,636	-	1,359	1,601
Other related parties						
	2015	**1,170,218**	**133,148**	**46,879**	**198,668**	**89,758**
	2013	915,784	88,722	45,009	715,952	52,049

30 Events after the reporting period

There are no significant events to report after the balance sheet date.

31 Ultimate parent undertaking and ultimate controlling party

The immediate parent undertaking is Admenta Holdings Limited. On 6 February 2014 the ultimate parent undertaking and controlling party of the Company changed from Franz Haniel & Cie GmbH, a company registered in Germany, to McKesson Corporation, a company registered in North America. This followed completion of the acquisition of more than 75% of Celesio shares by McKesson Deutschland GmbH & Co. KGaA (formerly Dragonfly GmbH & Co. KGaA).

Consolidated financial statements for the largest group of undertakings are prepared by McKesson Corporation and may be obtained from McKesson Corporation, One Post Street, San Francisco, CA 94104, United States.

Consolidated financial statements for the smallest group of companies are prepared by Celesio AG and may be obtained from Celesio AG, Neckartalstrasse 155, 70376 Stuttgart, Germany.