

COMPANY REGISTRATION NUMBER 861751

**SAPPHIRE PRIMARY
CARE DEVELOPMENTS
LIMITED**

FINANCIAL STATEMENTS

31 DECEMBER 2006



SAPPHIRE PRIMARY CARE DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

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SAPPHIRE PRIMARY CARE DEVELOPMENTS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2006

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of property development. The company is also involved in a number of consortium bids for LIFT (Local Improvement Finance Trust) Projects.

Following a challenging 2005 and 2006, the directors implemented certain strategic changes including to working practices and processes, which will improve efficiency, productivity and long term profitability. At 31 December 2006 the company had been appointed as developer for thirty one projects which will secure medium term profitability.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks affecting the company are considered to relate to funding availability of the Primary Care Trusts and the future strategy of the NHS as a whole. The directors believe that the strategic development and diversification of the existing business models in place match the ongoing and future requirement of the health industry.

An additional key risk to the business is the cost of each development project. The directors believe the strategic changes mentioned above, which includes improvement to project management, will aid in reducing this risk.

Key performance indicators

Management use a number of KPIs in order to assess the development, performance and position of the business. These KPIs cover Finance, Customer satisfaction, Business Development, property Development and Process Development.

Progress on summary KPIs in the year was

	2006	2005
Number of completed development projects	2	7
Turnover growth/decline year on year	-0.40%	185.40%
Profit/Loss before taxation	£37,000	-£1,292,000

The company holds regular meetings of staff at all level and is committed to communication and training of its people.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £24,000 (2005: £910,000 Loss). The directors have not recommended a dividend (2005: nil).

DIRECTORS

The directors who served the company during the year were as follows:

J Ash	
P Smerdon	
J Hood	(Resigned 31 March 2006)
R P Smaylen	(Resigned 3 February 2006)
A J Walters	(Appointed 1 January 2007)
A Willetts	(Appointed 1 April 2007)

SAPPHIRE PRIMARY CARE DEVELOPMENTS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2006

According to the register kept under section 325 of the Companies Act 1985, no director had a notifiable interest in the shares of the company or other group companies at any time during the year. As permitted, the register does not contain details of directors' interests in parent undertakings which are incorporated outside Great Britain.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The directors are responsible for preparing financial statements for each financial year which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit and loss of the company for the period. In preparing those financial statements, the directors are required to

select suitable accounting policies and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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

DIRECTORS' DISCLOSURE OF INFORMATION

The directors confirm that

the directors are not aware of any audit information which the auditors are not aware of

each director has taken all steps that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

SAPPHIRE PRIMARY CARE DEVELOPMENTS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2006

AUDITOR

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General meeting

Signed on behalf of the directors



P SMERDON
DIRECTOR

Approved by the directors on 13 December 2007

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SAPPHIRE PRIMARY CARE DEVELOPMENTS LIMITED

YEAR ENDED 31 DECEMBER 2006

We have audited the financial statements of Sapphire Primary Care Developments Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SAPPHIRE PRIMARY CARE DEVELOPMENTS LIMITED** *(continued)*

YEAR ENDED 31 DECEMBER 2006

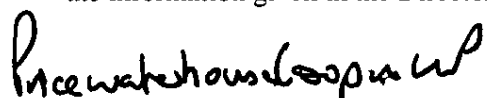
OPINION

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements



PRICEWATERHOUSECOOPERS LLP
Chartered Accountants and Registered Auditors
Birmingham

13 December 2007

SAPPHIRE PRIMARY CARE DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2006

	Note	2006 £000	2005 £000
TURNOVER	2	12,469	12,525
Cost of sales		<u>(10,969)</u>	<u>(12,127)</u>
GROSS PROFIT		1,500	398
Administrative expenses		<u>(1,567)</u>	<u>(1,690)</u>
Other operating income	3	<u>27</u>	<u>-</u>
OPERATING LOSS	4	(40)	(1,292)
Interest receivable	7	<u>77</u>	<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		37	(1,292)
Tax on profit/(loss) on ordinary activities	8	<u>(13)</u>	<u>382</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		24	(910)

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

There is no material difference between the results above and the results on an unmodified historical cost basis

The notes on page 6 form part of these financial statements

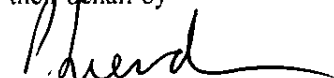
SAPPHIRE PRIMARY CARE DEVELOPMENTS LIMITED

BALANCE SHEET

31 DECEMBER 2006

	Note	£000	2006 £000	2005 £000
FIXED ASSETS				
Tangible assets	9		32	258
Investments	10		3	3
			<u>35</u>	<u>261</u>
CURRENT ASSETS				
Stocks	11	72		213
Debtors due within one year	12	14,635		10,203
Debtors due after one year	12	8,942		8,723
		<u>23,649</u>		<u>19,139</u>
CREDITORS: Amounts falling due within one year	13	<u>(16,430)</u>		<u>(12,049)</u>
NET CURRENT ASSETS			<u>7,219</u>	<u>7,090</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,254</u>	<u>7,351</u>
PROVISIONS FOR LIABILITIES				
Deferred taxation	15		(4)	(2)
Other provisions	16		(57)	(180)
			<u>7,193</u>	<u>7,169</u>
CAPITAL AND RESERVES				
Called-up equity share capital	19		6,905	6,905
Profit and loss account	20		288	264
SHAREHOLDERS' FUNDS	21		<u>7,193</u>	<u>7,169</u>

These financial statements were approved by the directors on the 13 December 2007 and are signed on their behalf by



P SMERDON
DIRECTOR

The notes on page 7 form part of these financial statements

SAPPHIRE PRIMARY CARE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

1. ACCOUNTING POLICIES

Basis of accounting

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

Set out below is a summary of the more important accounting policies, which have been applied consistently except where stated otherwise

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

Turnover comprises sales of goods and services at invoice value excluding value added tax adjusted for long term contract accounting

Fixed assets

Tangible fixed assets are stated at cost less provision for depreciation. Cost comprises the purchase cost together with any incidental expenses of acquisition

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures, fittings, plant and equipment - 10% - 25% on a straight line basis

Long term contracts

Turnover on long term contracts is recognised according to the percentage of cost completed to date. An estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts. The costs on long term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks as long term contract balances. Turnover related to pharmacy premiums is recognised when invoiced

Operating lease agreements

The cost of assets used in respect of all operating leases are charged to the profit and loss account on a straight line basis over the lease term

Rental income is recognised in the profit and loss account on a straight line basis over the lease term

SAPPHIRE PRIMARY CARE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The company participates in two schemes operated by Admenta plc both of which are defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. Deferred tax liabilities are provided in full but deferred tax assets are recognised only to the extent it is considered more likely than not that the associated tax deduction can be utilised on their reversal. Deferred tax liabilities and assets are not discounted.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below.

	2006 £000	2005 £000
United Kingdom	<u>12,469</u>	<u>12,525</u>

3. OTHER OPERATING INCOME

	2006 £000	2005 £000
Rent receivable	24	—
Other operating income	3	—
	<u>27</u>	<u>—</u>

4. OPERATING LOSS

Operating loss is stated after charging/(crediting)

	2006 £000	2005 £000
Depreciation of owned fixed assets	3	6
Operating lease costs		
Land and buildings	<u>64</u>	<u>57</u>

Auditors' remuneration is borne by Lloyds Pharmacy Limited, a fellow group company, and is not recharged.

SAPPHIRE PRIMARY CARE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

5 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2006	2005
	No	No
Number of administrative staff	<u>14</u>	<u>19</u>

The aggregate payroll costs of the above were

	2006	2005
	£000	£000
Wages and salaries	644	823
Social security costs	80	113
Other pension costs	47	39
	<u>771</u>	<u>975</u>

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2006	2005
	£000	£000
Emoluments receivable	<u>34</u>	<u>158</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2006	2005
	No	No
Defined benefit schemes	<u>1</u>	<u>1</u>

Mr Ash and Mr Hood are paid by a fellow group company (Lloyds Pharmacy Limited) which makes no recharge to the company. Mr Ash and Mr Hood are directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments. Accordingly no emoluments in respect of Mr Ash and Mr Hood are disclosed. Their emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of Lloyds Pharmacy Limited.

Mr Smerdon is paid by and is an employee of a fellow subsidiary company (Lloyds Pharmacy Limited) and performs work for a number of fellow subsidiaries. Lloyds Pharmacy Limited do not recharge any salary costs in relation to services provided as director of Sapphire Primary Care Developments Limited and therefore no emoluments are disclosed.

7. INTEREST RECEIVABLE

	2006	2005
	£000	£000
Other loan interest receivable	<u>77</u>	<u>-</u>

SAPPHIRE PRIMARY CARE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2006 £000	2005 £000
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	11	(384)
Total current tax	11	(384)
Deferred tax		
Origination and reversal of timing differences	2	2
Tax on profit/(loss) on ordinary activities	13	(382)

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year the same as the standard rate of corporation tax in the UK of 30% (2005 - 30%)

	2006 £000	2005 £000
Profit/(loss) on ordinary activities before taxation	37	(1,292)
Profit/(loss) on ordinary activities before tax multiplied by the standard rate of tax	11	(388)
Capital allowances for period less of depreciation	(1)	(1)
Permanent differences	1	3
Profit on sale of fixed assets to extent differs from chargeable gains	-	2
Total current tax (note 8(a))	11	(384)

SAPPHIRE PRIMARY CARE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

9. TANGIBLE FIXED ASSETS

	Leasehold Land and Buildings £000	Fixtures & Fittings £000	Total £000
COST			
At 1 January 2006	228	32	260
Additions	3	—	3
Transfers	(223)	(3)	(226)
At 31 December 2006	<u>8</u>	<u>29</u>	<u>37</u>
DEPRECIATION			
At 1 January 2006	—	2	2
Charge for the year	—	3	3
At 31 December 2006	<u>—</u>	<u>5</u>	<u>5</u>
NET BOOK VALUE			
At 31 December 2006	<u>8</u>	<u>24</u>	<u>32</u>
At 31 December 2005	<u>228</u>	<u>30</u>	<u>258</u>

10. INVESTMENTS

Investments
brought
forward
£000

Cost and Net book value

At 1 January 2006 and 31 December 2006 3

The investments are investments in LIFT Companies. In the opinion of the directors the aggregate value of the company's shares in these investments is not less than the aggregate of the amounts at which those shares are included in the company's balance sheet.

11. STOCKS

	2006 £000	2005 £000
Work in progress	<u>72</u>	<u>213</u>

SAPPHIRE PRIMARY CARE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

12. DEBTORS

	2006	2005
	£000	£000
Amounts owed by group undertakings	11,687	8,953
Corporation tax repayable	433	384
Other debtors	1,066	1,095
Amounts recoverable on contracts	10,391	8,494
	<u>23,577</u>	<u>18,926</u>

The debtors above include the following amounts falling due after more than one year

	2006	2005
	£000	£000
Amounts owed by group undertakings	8,193	8,193
Other debtors	749	530
	<u>8,942</u>	<u>8,723</u>

13. CREDITORS: Amounts falling due within one year

	2006	2005
	£000	£000
Bank loans and overdrafts	5,316	239
Trade creditors	407	556
Amounts owed to group undertakings	8,742	10,360
Accruals and deferred income	1,965	894
	<u>16,430</u>	<u>12,049</u>

14. PENSIONS

The company participates in a defined contribution contribution scheme operated by Admenta UK plc. Further details of this group scheme are given in the financial statements of Admenta UK plc.

There were no amounts accrued in respect of pension scheme contributions at the balance sheet date (2005 £nil).

The company provides no other post-retirement benefits to its employees.

15. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2006	2005
	£000	£000
Provision brought forward	2	-
Profit and loss account movement arising during the year	2	2
Provision carried forward	<u>4</u>	<u>2</u>

SAPPHIRE PRIMARY CARE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

15. DEFERRED TAXATION *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2006	2005
	£000	£000
Excess of taxation allowances over depreciation on fixed assets	4	2
	<u>4</u>	<u>2</u>

16. OTHER PROVISIONS

	2006
	£000
Other provisions:	
Balance brought forward	180
Utilised	(123)
	<u>57</u>
 Total provisions	 <u>57</u>

This balance represents foreseeable losses on one of the long term contracts

17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as set out below

	Land & Buildings	
	2006	2005
	£000	£000
Operating leases which expire		
Within 1 year	-	47
	<u>-</u>	<u>47</u>

18. RELATED PARTY TRANSACTIONS

The company has not disclosed transactions with fellow group companies, in accordance with the exemption under the terms of Financial Reporting Standard 8

SAPPHIRE PRIMARY CARE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

19. SHARE CAPITAL

Authorised share capital:

	2006	2005
	£000	£000
10,000,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid.

	2006		2005	
	No	£000	No	£000
Ordinary shares of £1 each	<u>6,905,093</u>	<u>6,905</u>	<u>6,905,093</u>	<u>6,905</u>

20. RESERVES

	Profit and loss account £000
Balance brought forward	264
Profit for the year	<u>24</u>
Balance carried forward	<u>288</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	2005
	£000	£000
Profit/(Loss) for the financial year	24	(910)
Opening shareholders' funds	<u>7,169</u>	<u>8,079</u>
Closing shareholders' funds	<u>7,193</u>	<u>7,169</u>

22. POST BALANCE SHEET EVENTS

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement and were enacted in the 2007 Finance Act in June 2007. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The main changes which will affect these accounts going forward are:

- i) the corporation tax rate reduce from 30% to 28% with effect from 1 April 2008 and
- ii) balancing adjustments for industrial buildings are abolished

The financial impact of these changes will be quantified in the accounts going forward.

SAPPHIRE PRIMARY CARE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

23. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Admenta Holdings Limited. The company's ultimate parent undertaking and controlling party is Franz Haniel & Cie GmbH, a company registered in Germany, by virtue of its majority shareholding in the intermediate parent Celesio AG and its consolidation of the Celesio AG Group results into its own consolidated financial statements.

Consolidated financial statements for the largest group of undertakings are prepared by Franz Haniel & Cie GmbH and may be obtained from Franz Haniel Platz 1, D-47119 Duisburg, Ruhrort, Germany.

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