Company Registration No. 02517178

ALLIANCE UNICHEM LIMITED

(formerly Alliance UniChem Plc)

Report and Financial Statements

For the year ended 31 March 2008

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

REPORT AND FINANCIAL STATEMENTS 2008

CONTENTS

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S Pessina
O Barra
S W Duncan
G R Fairweather
M Pagni (appointed 3 December 2007)

SECRETARY

F Standish (appointed 3 December 2007)
M Pagni (resigned 3 December 2007)

REGISTERED OFFICE

2 The Heights
Brooklands
Weybridge
Surrey
KT13 0NY

AUDITORS

KPMG Audit Plc
Chartered Accountants
London

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 March 2008.

PRINCIPAL ACTIVITY

The Company is a holding company within the AB Acquisitions Holdings Limited group.

RE-REGISTRATION AS A PRIVATE COMPANY

On 30 July 2007, the Company re-registered as a private company and changed its name to Alliance UniChem Limited.

CHANGE OF ACCOUNTING REFERENCE DATE

During the prior period, the Company changed its accounting reference date from 31 December to 31 March.

BUSINESS REVIEW AND FUTURE PROSPECTS

The nature of Alliance UniChem Limited's business is that of a holding company, and for this reason, the Company's Directors believe that key performance indicators and business risks for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

The results for the year are set out in detail on page 6. In the prior period reorganisation costs were incurred and have been included in the results for the period in connection with the merger between Alliance UniChem Plc and Boots Group PLC. The retained profit for the year is £179.9 million (fifteen month period ended 31 March 2007: profit £6.6 million).

The Directors do not anticipate any significant changes to the level of business activity in the coming year. The Directors are satisfied with the performance of the Company for the year and with its financial position at the end of the year. The Directors consider the future prospects of the Company to be good.

DIVIDENDS

During the year ended 31 March 2008 the Directors declared and paid dividends totalling £285 million (15 month period ended 31 March 2007: £96.3 million). £150 million was paid on 29 June 2007 and £135 million on 31 July 2007.

DIRECTORS

The Directors who served throughout the year, except as noted, are shown below.

S Pessina
O Barra
S W Duncan
G R Fairweather
M Pagni (appointed 3 December 2007)

Each of the Directors at the date of approval of this report confirms that:

(1) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
(2) the Director has taken all steps that he/she ought to have taken as a Director to make himself/herself 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 s234ZA of the Companies Act 1985.

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

DIRECTORS' REPORT

FINANCIAL RISKS

The Directors have considered the risks attached to the Company's financial instruments which principally comprise loans to and from other group companies and external borrowings. The Directors have taken a prudent approach in their consideration of the various risks attached to the financial instruments of the Company. The Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements. The Directors' policy on hedging is described in the Accounting Policies note on page 8. The exposure of the Company to price risk, credit risk, liquidity risk and cash flow risk in respect of financial instruments is set out in notes 12 and 13 to the financial statements.

AUDITORS

KPMG Audit Plc were appointed auditors during the year, and will be proposed for reappointment in accordance with s385 of the Companies Act 1985.

Approved by the Board of Directors
and signed on behalf of the Board

F Standish

Company Secretary

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing their report and 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, theDirectors are required to:

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIANCE UNICHEM LIMITED

We have audited the financial statements of Alliance UniChem Limited for the year ended 31 March 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set outtherein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

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

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

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

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

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 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants and Registered Auditors
London

14 January 2009

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2008

	Notes	Year ended 31 March 2008 £m	15 month period ended 31 March 2007 £m
Administrative expenses		(0.3)	(7.1)
Investment impairment loss	10	(26.0)	-
Exceptional items	2	-	(17.2)
OPERATING LOSS	3	(26.3)	(24.3)
Profit on disposal of available-for-sale investment		13.3	-
Dividend income	4	185.1	4.4
Interest receivable and similar income	5	40.5	62.1
Interest payable and similar charges	6	(27.0)	(28.3)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		185.6	13.9
Tax on profit on ordinary activities	7	(5.7)	(7.3)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD		179.9	6.6

The amounts recorded in the current year derive from continuing activities in the United Kingdom.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year as stated above and their historical cost equivalents.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2008

		Year ended 31 March 2008 £m	15 month period ended 31 March 2007 £m
Profit on ordinary activities after taxation		179.9	6.6
Available-for-sale investments – gains on revaluation deferred in equity	10	1.0	12.3
Available-for-sale investments – cumulative gains recognised in profit & loss account on disposal	10	(13.3)	-
Loan guarantees		-	(1.7)
Total recognised gains and losses relating to the period		167.6	17.2

The notes on pages 8 to 23 form part of these financial statements.

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

BALANCE SHEET
as at 31 March 2008

	Notes	2008 £m	2007 £m
FIXED ASSETS			
Tangible assets	9	0.3	0.3
Investments	10	797.6	1,260.5
		797.9	1,260.8
CURRENT ASSETS			
Debtors	11	8.3	16.8
Cash and cash equivalents	12	0.4	0.2
		8.7	17.0
CREDITORS: amounts falling due within one year			
Borrowings	12	(1.1)	(30.9)
Other creditors	14	(27.2)	(19.9)
		(28.3)	(50.8)
NET CURRENT LIABILITIES		(19.6)	(33.8)
TOTAL ASSETS LESS CURRENT LIABILITIES		778.3	1,227.0
CREDITORS: amounts falling due after more than one year			
Borrowings	12	-	(376.4)
Other creditors	14	(158.5)	(118.9)
		(158.5)	(495.3)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(5.5)	-
NET ASSETS		614.3	731.7
CAPITAL AND RESERVES			
Called up share capital	16	36.2	36.2
Share premium	18	509.4	509.4
Profit and loss reserve	18	68.7	173.8
Available-for-sale reserve	18	-	12.3
TOTAL SHAREHOLDER'S FUNDS		614.3	731.7

The notes on pages 8 to 23 form part of these financial statements.

These financial statements were approved by the Board of Directors on 12 January 2009

Signed on behalf of the Board of Directors

G R Fairweather

Director

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention except where modified in the principle accounting policy notes in accordance with United Kingdom generally accepted accounting principles and applicable accounting standards. The principal accounting policies adopted within that convention are set out below.

The Directors have reviewed the basis of preparation and despite net current liabilities of £19.6m, believe it is appropriate to prepare the financial statements on a going concern basis. Sufficient funding is in place to meet all expected liabilities as they fall due.

Tangible assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is calculated to write down the cost of these assets to their estimated residual values on a straight line basis over the period of their estimated useful economic lives:

Long and short leasehold properties – the shorter of the period of the lease and 50 years.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Currency translation

Transactions denominated in currencies other than the Company's functional currency are translated into the Company's functional currency at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling on the balance sheet date with any currency translation differences recognised in the profit and loss account.

Financial instruments and derivative financial instruments

Financial assets and liabilities are recognised in the balance sheet at fair value when the Company becomes a party to the contractual provisions of the instrument. The Company uses derivative financial instruments to hedge its exposure and that of other related group companies to currency translation and interest rate risks arising from operating, financing and investing activities.

In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for at fair value with movements taken to the profit and loss account.

Derivative financial instruments are recognised initially at fair value, with movements on re-measurement recognised immediately in the profit and loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The fair value of forward exchange contracts is their market price at the balance sheet date.

Cashflow hedges
Where a derivative financial instrument is designated as a hedge in the variability of cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve.

1. ACCOUNTING POLICIES (continued)

Financial instruments and derivative financial instruments (continued)

Cashflow hedges (continued)
When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amouts of the non-financial asset or liability.

If the hedged forecasted transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period, or periods, during which the asset acquired of liability assumed affects profit or loss.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the profit and loss account in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the profit and loss account.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the profit and loss account.

Fair value hedges
Where a derivative financial instrument hedges the changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (or an identified portion of such an asset, liability or firm commitment), any gain or loss on the hedging instrument is recognised in the profit and loss account. The hedged item is also stated at fair value in respect of the risk(s) being hedged, with any gain or loss recognised in the profit and loss account.

Hedge of monetary assets and liabilities
Where a derivative financial instrument is used to hedge economically the currency translation exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the profit and loss account.

Borrowings
Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

Current and deferred taxation

Current tax is the amount payable or recoverable in respect of the taxable profit or loss for the period. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets or roll-over of tax on gains where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that they are regarded as more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

1. ACCOUNTING POLICIES (continued)

Cash flow statement

At 31 March 2008, the Company was ultimately wholly owned by AB Acquisitions Holdings Limited and the cash flows of the Company are included in the consolidated group cash flow statement of AB Acquisitions Holdings Limited. Consequently, the Company is exempt under the terms of Financial Reporting Standard 1 from publishing a cash flow statement.

Consolidation

The Company has taken advantage of the exemption granted under s228 Companies Act 1985 not to prepare consolidated accounts, as the Company's results and balances are included within the consolidated financial statements of AB Acquisitions Holdings Limited, the Company's ultimate parent company at 31 March 2008. Accordingly the Company's financial statements present information about it as an individual undertaking and not about it as a group.

2. EXCEPTIONAL ITEMS

The exceptional item in the current year relates to an impairment in the carrying value of an investment in a group undertaking, further details are in note 10.

Exceptional items in the prior period mainly comprise costs incurred in connection with the merger between Alliance UniChem Plc and Boots Group PLC on 31 July 2006.

3. OPERATING LOSS

A fee of £7,500 (fifteen month ended 31 March 2007: £100,000) was paid to the auditors in respect of audit fees by another group Company.

The Directors have not received any remuneration for their services to the Company either during the year or the prior period. There were no employees during the year or the prior period.

4. DIVIDEND INCOME

	Year ended 31 March 2008 £m	15 month period ended 31 March 2007 £m
Dividends received from subsidiary undertakings	179.0	-
Dividends received from associated undertakings	6.1	4.4
	185.1	4.4

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 March 2008 £m	15 month period ended 31 December 2007 £m
Interest receivable from group undertakings	36.9	62.1
Other interest and similar income	3.6	-
	40.5	62.1

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2008

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 March 2008 £m	15 month period ended 31 March 2007 £m
Interest payable to group undertakings	-	0.3
Other interest payable	26.8	28.0
Foreign exchange losses	0.2	-
	27.0	28.3

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 March 2008 £m	15 month period ended 31 March 2007 £m
United Kingdom corporation tax at 30% (2007: 30%)	0.2	8.1
Overseas taxation	0.8	0.4
Double taxation relief	(2.8)	(1.7)
Current tax	(1.8)	6.8
Adjustments in respect of prior years	(1.1)	-
Deferred tax	8.6	0.5
	5.7	7.3

The standard rate of current tax for the year, based on the UK rate of corporation tax is 30%. The current tax credit for the year varies from the standard rate of corporation tax for the reasons set out in the following reconciliation:

	Year ended 31 March 2008 £m	15 month period ended 31 March 2007 £m
Profit on ordinary activities before taxation	185.6	13.9
Tax charge at standard rate	55.7	4.2
Other non taxable income	(3.2)	(0.3)
Dividends from UK companies, not taxable	(53.7)	-
Impact of overseas taxation	(2.0)	(1.3)
Non-deductible expenditure	8.3	4.7
Timing differences	(6.9)	(0.5)
Current tax for the period	(1.8)	6.8

Factors affecting future tax charges

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

8. DIVIDENDS PAID

	Year ended 31 March 2008 £m	15 month period ended 31 March 2007 £m
Equity dividends on ordinary shares:		
Interim dividend paid 41.47p per share – (2007: Nil)	150.0	-
Final dividend paid 37.32 per share – (2007: 13.60p per share)	135.0	48.4
Special dividend – (2007 13.25p per share)	-	47.9
	285.0	96.3

9. TANGIBLE ASSETS

The tangible assets of the Company, which are in relation to short leasehold land and buildings, are included in the balance sheet at a cost of £0.6 million (2007: £0.6 million) and cumulative depreciation of £0.3 million (2007: £0.3 million). There were no additions or disposals during the year.

10. INVESTMENTS

	Available-for-sale investments £m	Shares in group undertakings £m	Loans to group undertakings £m	Shares in associated undertakings £m	Total £m
At 1 April 2007	34.4	200.0	982.9	43.2	1,260.5
Additions	-	27.0	-	-	27.0
Change in fair value	1.0	-	-	-	1.0
Impairment	-	(26.0)	-	-	(26.0)
Disposals	(35.4)	-	-	-	(35.4)
Loans repaid	-	-	(477.0)	-	(477.0)
Currency translation differences	-	-	47.5	-	47.5
At 31 March 2008	-	201.0	553.4	43.2	797.6

The available-for-sale investment represents shares in Alliance Boots plc, which was the Company's immediate parent company. These shares were originally the Company's investment in its own shares, and these converted to Alliance Boots plc shares on the acquisition of the Company by Alliance Boots plc during the fifteen month period to 31 March 2007. Prior to the acquisition, this investment was classified within Employee Share Trusts within reserves. During the year, on the acquisition of Alliance Boots plc by AB Acquisitions Limited, these shares were disposed of.

During the year, in order to recapitalise one of its subsidiaries, the Company invested £27.0 million in the issued capital of the subsidiary. In the opinion of the Directors, the fair value of this company was £26.0 million less than its carrying value. Consequently the value of this investment has been written down and the resulting impairment loss of £26.0 million has been included in the profit and loss for the year.

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2008

10. INVESTMENTS (CONTINUED)

Principal subsidiary undertakings:

The principal investments, all of which are indirectly held, are in the following subsidiary undertakings:

Company	Percentage interest in ordinary share capital	Country of incorporation	Main activity
Alliance UniChem Norge A.S.	100%	Norway	Pharmacy-led health and beauty retailing
Alliance Apotheek B.V.	100%	The Netherlands	Retail pharmacy operator
UniChem Limited	100%	England and Wales	Pharmaceutical wholesaling
Alliance Healthcare S.A.	99.2%	Spain	Pharmaceutical wholesaling
Alleanza Healthcare Italia SpA	100%	Italy	Pharmaceutical wholesaling
Alliance Healthcare B.V.	100%	The Netherlands	Pharmaceutical wholesaling
Alliance Healthcare s.r.o.	97.1%	Czech Republic	Pharmaceutical wholesaling
Apteka Holding ZAO	66%	Russia	Pharmaceutical wholesaling
Holtung A.S.	100%	Norway	Pharmaceutical wholesaling
Alliance Unichem Group Limited	100%	England and Wales	Holding company

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

Associate and joint venture undertakings:

The principal investments which, with the exception of a 25% direct holding in Hedef Alliance Holding A.S., are indirectly held are in the following associate and joint venture undertakings:

Company	Percentage interest in ordinary share capital	Country of incorporation	Main activity
Associates			
Hedef Alliance Holding A.S.	50.0%	Turkey	Pharmaceutical wholesaling
Alliance Healthcare S.A.	49.0%	Portugal	Pharmaceutical wholesaling
Galenica A.G. [1]	25.5%	Switzerland	Pharmaceutical wholesaling
Joint venture			
Guangzhou Pharmaceutical Corporation	50%	China	Pharmaceutical wholesaling

[1] All shares have the same voting rights, but no shareholder may exercise more than 20% of the votes.

11. DEBTORS

	2008 £m	2007 £m
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	0.3	7.9
Other debtors and accrued income	0.2	1.1
Corporation tax recoverable	7.0	-
Deferred tax (note 15)	-	3.1
Derivative financial instruments (notes 12 and 13)	0.8	1.8
	8.3	13.9
Amounts falling due after more than one year		
Derivative financial instruments (notes 12 and 13)	-	2.9
	8.3	16.8

12. FINANCIAL ASSETS AND LIABILITIES

Outlined below is information regarding the contractual terms of the Company's borrowings. Further information on the Company's exposure to interest rate and currency risk is provided in note13.

The carrying amount of financial assets and liabilities is as follows:

	2008 £m	2007 £m
Current borrowings		
2008 Senior notes 6.63% (US$57 million)	-	(29.3)
Bank overdrafts	-	(0.2)
Loan notes	(1.1)	(1.4)
	(1.1)	(30.9)
Non current borrowings		
2009 Senior notes 6.67% (US$113 million)	-	(58.2)
2011 Senior notes 6.55% (US$173 million)	-	(89.1)
2011 Senior notes 6.07% (€30 million)	-	(20.5)
2012 Senior notes 7.19% (US$300 million)	-	(158.3)
2017 Senior notes 7.01% (£50 million)	-	(50.3)
	-	(376.4)
Total borrowings	(1.1)	(407.3)
Cash and cash equivalents	0.4	0.2
Total borrowings net of cash and cash equivalents	(0.7)	(407.1)
Derivative financial instruments - assets	0.8	4.7
Derivative financial instruments - liabilities	(179.3)	(123.6)
Net borrowings	(179.2)	(526.0)
Financial guarantee	(0.9)	(1.6)
Amounts due from group undertakings	553.7	990.8
Net financial assets	373.6	463.2

Loan notes totalling £1.1 million (2007: £1.4 million) classified within current borrowings can be redeemed by the holders giving one month's notice before an interest payment date. However, if no notice is given, these notes will fall due at their maturity dates, which are between 2008 and 2014.

12. FINANCIAL ASSETS AND LIABILITIES (continued)

Maturity profile of financial liabilities before the impact of derivative financial instruments - 2008

The table below shows the contractual maturities of financial liabilities on an undiscounted basis, including interest payments. Interest is calculated based on liabilities held at 31 March 2008 without taking account of any future debt assurance. Floating rate interest has been estimated using prevailing interest conditions at 31 March 2008. Cash flows in non-Sterling currencies are translated using exchange rates at 31 March 2008.

Terms and borrowings repayment schedule March 2008	Carrying value £m	Contractual cash flows £m	1 year or less £m	1-2 years £m	2-5 years £m	>5 years £m
Floating						
Loan notes	(1.1)	(1.1)	(1.1)	-	-	-
Total borrowings	**(1.1)**	**(1.1)**	**(1.1)**	-	-	-
Financial guarantee	(0.9)	-	-	-	-	-
Total non-derivative financial liabilities	**(2.0)**	**(1.1)**	**(1.1)**	-	-	-
Derivative financial liabilities						
Currency swaps						
- outflows		(601.0)	(115.5)	(20.3)	(465.2)	-
- inflows		387.3	83.8	17.3	286.2	-
	(178.3)	(213.7)	(31.7)	(3.0)	(179.0)	-
Currency exchange contracts						
- outflows		(275.3)	(275.3)	-	-	-
- inflows		274.3	274.3	-	-	-
	(1.0)	(1.0)	(1.0)	-	-	-
Total derivative financial liabilities	**(179.3)**	**(214.7)**	**(32.7)**	**(3.0)**	**(179.0)**	
Total financial liabilities	**(181.3)**	**(215.8)**	**(33.8)**	**(3.0)**	**(179.0)**	-

All floating rate borrowings re-price within six months of the balance sheet date.

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2008

12. **FINANCIAL ASSETS AND LIABILITIES (continued)**

Maturity profile of financial liabilities before the impact of derivative financial instruments - 2007

The table below shows the contractual maturities of financial liabilities on an undiscounted basis, including interest payments. Interest is calculated based on liabilities held at 31 March 2007 without taking account of any future debt assurance. Floating rate interest has been estimated using prevailing interest conditions at 31 March 2007. Cash flows in non-Sterling currencies are translated using exchange rates at 31 March 2007.

Terms and borrowings repayment schedule March 2007	**Carrying value £m**	**Contractual cash flows £m**	**1 year or less £m**	**1-2 years £m**	**2-5 years £m**	**>5 years £m**
Non derivative financial liabilities						
Fixed						
2008 Senior notes 6.63% (US$57million)	(29.3)	(30.9)	(30.9)	-	-	-
2009 Senior notes 6.67%(US$113million)	(58.2)	(65.0)	(3.8)	(61.2)	-	-
2011 Senior notes 6.55% (US$173 million)	(89.1)	(115.1)	(5.8)	(5.8)	(103.5)	-
2011 Senior notes 6.07% (€30 million)	(20.5)	(26.2)	(1.2)	(1.2)	(23.8)	-
2012 Senior notes 7.19% (US$300 million)	(158.3)	(210.4)	(11.0)	(11.0)	(33.0)	(155.4)
2017 Senior notes 7.01% (£50 million)	(50.3)	(85.9)	(3.5)	(3.5)	(10.5)	(68.4)
Floating						
Bank overdrafts	(0.2)	(0.2)	(0.2)	-	-	-
Loan notes	(1.4)	(1.4)	(1.4)	-	-	-
Total borrowings	**(407.3)**	**(535.1)**	**(57.8)**	**(82.7)**	**(170.8)**	**(223.8)**
Financial guarantee	(1.6)	-	-	-	-	-
Total non-derivative financial liabilities	**(408.9)**	**(535.1)**	**(57.8)**	**(82.7)**	**(170.8)**	**(223.8)**
Derivative financial liabilities						
Currency swaps						
- outflows		(589.6)	(69.8)	(94.3)	(191.9)	(233.6)
- inflows		442.0	52.6	79.0	139.7	170.7
Total derivative financial liabilities	**(123.6)**	**(147.6)**	**(17.2)**	**(15.3)**	**(52.2)**	**(62.9)**
Total financial liabilities	**(532.5)**	**(682.7)**	**(75.0)**	**(98.0)**	**(223.0)**	**(286.7)**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2008

12. FINANCIAL ASSETS AND LIABILITIES (continued)

Currency profile
The analysis of financial assets and liabilities by currency (before the effect of currency hedging) is as follows:

31 March 2008	**Total £m**	**Sterling £m**	**Euros £m**	**Swiss Franc £m**	**US Dollar £m**	**other £m**
Loan notes	(1.1)	(1.1)	-	-	-	-
Total borrowings	**(1.1)**	**(1.1)**	-	-	-	-
Cash and cash equivalents	0.4	0.3	0.1	-	-	-
Derivative financial instruments – assets	0.8	0.8	-	-	-	-
Derivative financial instruments – liabilities	(179.3)	(179.3)	-	-	-	-
Financial guarantee	(0.9)	(0.9)	-	-	-	-
Due from group undertakings	553.7	52.3	371.7	112.7	0.7	16.3
Net financial assets/(liabilities)	**373.6**	**(127.9)**	**371.8**	**112.7**	**0.7**	**16.3**

31 March 2007	**Total £m**	**Sterling £m**	**Euros £m**	**Swiss Franc £m**	**US Dollar £m**	**other £m**
Bank overdrafts	(0.2)	(0.2)	-	-	-	-
Loan notes	(1.4)	(1.4)	-	-	-	-
2008 Senior notes 6.63% (US $57 million)	(29.3)	-	-	-	(29.3)	-
2009 Senior notes 6.67% (US $113 million)	(58.2)	-	-	-	(58.2)	-
2011 Senior notes 6.55% (US $173 million)	(89.1)	-	-	-	(89.1)	-
2011 Senior notes 6.07% (€30 million)	(20.5)	-	(20.5)	-	-	-
2012 Senior notes 7.19% (US $300 million)	(158.3)	-	-	-	(158.3)	-
2017 Senior notes 7.01% (£50 million)	(50.3)	(50.3)	-	-	-	-
Total borrowings	**(407.3)**	**(51.9)**	**(20.5)**	-	**(334.9)**	-
Cash and cash equivalents	0.2	0.1	0.1	-	-	-
Derivative financial instruments – assets	4.7	3.8	0.9	-	-	-
Derivative financial instruments – liabilities	(123.6)	(123.6)	-	-	-	-
Financial guarantee	(1.6)	(1.6)	-	-	-	-
Due from group undertakings	990.8	510.4	372.8	93.8	-	13.8
Net financial assets/(liabilities)	**463.2**	**337.2**	**353.3**	**93.8**	**(334.9)**	**13.8**

12. FINANCIAL ASSETS AND LIABILITIES (continued)

A comparison of carrying values and fair values of the group's financial assets and liabilities is set out below:

	Carrying value 2008 £m	Fair value 2008 £m	Carrying value 2007 £m	Fair value 2007 £m
Bank overdrafts	-	-	(0.2)	(0.2)
Loan notes	(1.1)	(1.1)	(1.4)	(1.4)
2008 Senior notes 6.63% (US $57 million)	-	-	(29.3)	(29.5)
2009 Senior notes 6.67% (US $113 million)	-	-	(58.2)	(59.2)
2011 Senior notes 6.55% (US $173 million)	-	-	(89.1)	(93.9)
2011 Senior notes 6.07% (€30 million)	-	-	(20.5)	(21.9)
2012 Senior notes 7.19% (US $300 million)	-	-	(158.3)	(167.2)
2017 Senior notes 7.01% (£50 million)	-	-	(50.3)	(54.7)
Total borrowings	**(1.1)**	**(1.1)**	**(407.3)**	**(428.0)**
Cash and cash equivalents	0.4	0.4	0.2	0.2
Derivative financial instruments – assets	0.8	0.8	4.7	4.7
Derivative financial instruments – liabilities	(179.3)	(179.3)	(123.6)	(123.6)
Financial guarantee	(0.9)	(0.9)	(1.6)	(1.6)
Due from group undertakings	553.7	553.7	990.8	990.8
Net financial assets	**373.6**	**373.6**	**463.2**	**442.5**

Fair values of bonds, available for sale investments and foreign exchange contracts have been determined with reference to quoted market prices. The fair value of the senior notes has been calculated using discounted cash flow methodology, based on third party estimates of the applicable credit spread above the benchmark swap curve.

The fair values of interest rate derivatives and cross currency swaps have been calculated by discounting the future cash flows of the individual contracts using the appropriate market interest curve and foreign exchange rate prevailing at 31 March 2007 and 2008 respectively.

The fair value of bank overdrafts and loan notes approximate to their carrying value due to either their short term nature or being re-priced at variable interest rates.

All fair values are shown excluding any accrued interest.

13. FINANCIAL INSTRUMENTS

Capital structure risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern.

Liquidity risk management

The Company's liquidity is optimised through cash pooling and deposits or loans to and from fellow group undertakings. The maturity profiles of the Company's financial liabilities at 31 March 2008 are shown in note 12.

Credit risk management

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, at the balance sheet date. The Company considers the possibility of significant loss in the event of non-performance by a financial or commercial counterparty to be unlikely.

Exposures to financial counterparties arise from the use of derivative financial instruments, cash balances and short term deposits. The Company protects itself against the risk of financial loss arising from failure of external financial counterparties by setting ratings based limits to the maximum exposure to individual counterparties or their groups. Limits are set by reference to ratings issued by the major ratings agencies, Standard and Poor's and Moody's Investors Service Limited.

Total exposures of the Company to external financial counterparties was at 31 March 2008 was £1.2 million of which £0.8 million related to derivative financial assets and £04 million was cash and cash equivalents.

There has been no change to any methods or assumptions from the comparative period.

Market risk

Market risk is the risk that changes in market prices, such as currency exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risks within acceptable parameters. The Company transacts in financial instruments including derivatives in order to manage these risks in accordance with the treasury policies of the Company.

There has been no change to any methods or assumptions from the comparative period.

Currency risk

The Company is party to a variety of currency derivatives in the management of exchange rate exposures, including cross currency swaps, and currency exchange contracts. Movements in the fair value of all forward contracts other than those designated and effective as cash flow hedges are reported directly in the profit and loss account.

There has been no change to any methods or assumptions from the comparative period.

The effect of currency swaps and forward contracts on the financial assts and liabilities of the company are shown below:

	Before hedging 2008 £million	**After hedging 2008 £million**	Before hedging 2007 £million	After hedging 2007 £million
Sterling	(127.9)	372.6	337.2	465.2
Euro	371.8	0.7	353.3	(1.5)
Swiss Franc	112.7	0.2	93.8	(0.3)
US Dollar	0.7	-	(334.9)	(0.1)
Other	16.3	0.1	13.8	(0.1)
	373.6	373.6	463.2	463.2

13. FINANCIAL INSTRUMENTS (continued)

Currency risk - sensitivity analysis

The impact on equity and profit of a 10% movement in Sterling (the functional currency of the Company) against non-sterling exchange rates would not be significant at 31 March 2007 or 31 March 2008. This assumes that all other variables, including interest rates, remain constant and that financial instruments are only sensitive with respect to exchange rates where they are not in the functional currency of the Company.

Interest Rate risk - sensitivity analysis

Before the impact of derivative financial instruments, at 31 March 2008 none of the Total Borrowings of the company were at fixed rates. The floating rate borrowings re-price within 6 months of the reporting date, based on short term borrowing rates for the relevant currency. The re-pricing risk of the fixed borrowings coincides with their maturity.

The impact of a 1% increase and a 1% decrease in interest rates as at 31 March 2008 and 31 March 2007 on the Company's profit/(loss) are shown in the table below. This analysis assumes that all other variables remain constant throughout the year. On this basis there would have been no significant amounts recognised in equity.

	1% increase in interest rates	1% decrease in interest rates
Year ended 31 March 2008	**£m**	**£m**
Gain/(loss) - derivative financial instruments	1.6	(1.6)
Gain/(loss) - variable rate instruments	(3.7)	3.7

	1% increase in interest rates	1% decrease in interest rates
Period ended 31 March 2007	**£m**	**£m**
Gain/(loss) - derivative financial instruments	(0.1)	0.1
Gain/(loss) - variable rate instruments	(8.7)	8.7

Derivative financial instruments

Achieving hedge accounting is based on measuring the effectiveness of the derivative as a hedging instrument as well as fulfilling hedge documentation rules. The effectiveness test compares the change in fair value of the designated derivative and the change in the fair value of the hedged item, to determine if this ratio falls within the permitted range of 80% to 125%. Any derivative that falls outside the permitted range is classified as held-for-trading. Gains or losses on the derivative are recognised immediately in the profit and loss account except were the derivative is designated within an effective cash flow relationship, in which case the gains and losses are deferred in equity and are recycled through the profit and loss account at the time that the hedged item is recognised in the profit and loss account. The hedge accounting treatment is described further in the Accounting policies (note 1).

Where a derivative does fall within the permitted range but is not 100% effective, the ineffective element is recognised in the profit and loss account immediately. This gives rise to a gain or loss which is recognised under finance income or finance costs as appropriate. These gain or losses represent timing differences that will reverse over the life of the financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2008

14. OTHER CREDITORS

	2008 £m	2007 £m
Amounts falling due within one year		
Other creditors	3.2	4.2
Accruals and deferred income	2.4	6.6
Corporation tax	-	3.5
Derivative financial instruments (note 12)	21.6	5.6
	27.2	19.9
Amounts falling due after more than one year		
Derivative financial instruments (note 12)	157.7	118.0
Other creditors	0.8	0.9
	158.5	118.9

15. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax relates to tax on the fair values of derivative financial instruments and the carrying value of borrowings held by the Group which are designated within an effective fair value hedge relationship. The movement in the deferred tax during the period is shown below. The deferred tax asset at the beginning of the periods is classified within Debtors.

	2008 £m	2007 £m
Deferred tax (liability)/asset		
At beginning of period	-	-
Transfer from Debtors (Note 11)	3.1	
Current period charge	(8.6)	-
At end of period	(5.5)	-

16. CALLED UP SHARE CAPITAL

	2008 Number (million)	2008 £m	2007 Number (million)	2007 £m
Authorised:				
Ordinary shares of 10p each	432.9	43.3	432.9	43.3
Called up, issued and fully paid up:				
Ordinary shares of 10p each	361.7	36.2	361.7	36.2

17. EMPLOYEE SHARE TRUSTS

	2008 £m	2007 £m
At beginning of period	-	45.1
Additions	-	34.8
Disposals	-	(53.5)
Reclassified as available-for-sale investments	-	(26.4)
At end of period	-	-

At the beginning of the prior period, the carrying amount of employee share trusts comprised the Company's investment in its own shares. On the acquisition of the Company by Alliance Boots plc in the prior period,

18. COMBINED STATEMENT OF MOVEMENTS IN SHAREHOLDER'S FUNDS AND STATEMENT OF MOVEMENTS IN RESERVES

	Called up share capital £m	Share premium £m	Profit and loss reserve £m	Available-for-sale reserve £m	31 March 2008 Total £m	31 March 2007 Total £m
At beginning of period	36.2	509.4	173.8	12.3	731.7	784.6
Profit for the financial period	-	-	179.9	-	179.9	6.6
Dividends	-	-	(285.0)	-	(285.0)	(96.3)
Net additions to employee share trusts	-	-	-	-	-	(0.2)
Employee shares trusts reclassified as available-for-sale investments	-	-	-	-	-	26.4
Available-for-sale investments – gains on revaluation deferred in equity	-	-	-	1.0	1.0	12.3
Available-for-sale investments – cumulative gains recognised in profit & loss account on disposal	-	-	-	(13.3)	(13.3)	-
Loan guarantees	-	-	-	-	-	(1.7)
At end of period	36.2	509.4	68.7	-	614.3	731.7

19. CONTINGENT LIABILITIES

The Company has entered into an arrangement with its bank under which its current account balances are netted on a daily basis with those of the other participating group companies for the purpose of charging or crediting interest. Under this arrangement, each participating company agrees that it is jointly and severally liable to the bank, with each other participating company, for the aggregate overdraft balances on current accounts of all participating companies. Each of the participating companies' liability is limited to the amount of any positive cash balance it has in its current accounts with the bank on the day netting takes place. At 31 March 2008, the Company was contingently liable under this arrangement for a total amount of £375,000 (2007: £240,000).

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

As at 31 March 2008 the gross borrowings outstanding under the Agreements in aggregate (including the impact of currency translation and capitalised interest) were £8,465 million.

20. RELATED PARTY TRANSACTIONS

No related party transactions have been disclosed between the Company and other group companies as permitted by paragraph 3(c) of Financial Reporting Standard 8 – "Related Party Disclosures". The names of the group companies are shown in the financial statements of AB Acquisitions Holdings Limited.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2008

21. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 March 2008 the Company's immediate parent company was Alliance Boots Holdings Limited and its ultimate parent company and controlling party was AB Acquisitions Holdings Limited. AB Acquisitions Holdings Limited is also the parent undertaking ofthe largest group in which the Company is consolidated.

AB Acquisitions Holdings Limited is incorporated in Gibraltar, and its registered office is 57/63 Line Wall Road, Gibraltar. AB Acquisitions Holdings Limited is jointly controlled by certain funds advised by Kohlberg Kravis Roberts & Co. L.P. and Alliance Santé Participations S.A., a company indirectly wholly owned by S Pessina.

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