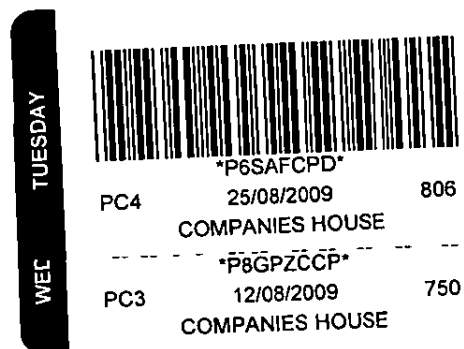


COMPANY REGISTRATION NUMBER 06399469

PCT HEALTHCARE (HOLDINGS) LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
30 NOVEMBER 2008



ABRAMS ASHTON
Chartered Accountants & Registered Auditor
77 Corporation Street
St Helens
Merseyside
WA10 1SX

26-08-09-1991.

PCT HEALTHCARE (HOLDINGS) LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

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PCT HEALTHCARE (HOLDINGS) LIMITED

COMPANY INFORMATION

The board of directors

Mr P Cattee
Mrs A J Cattee
Mr G A Tims
Mr A D Parker

Company secretary

Mrs A J Cattee

Registered office

11 Manchester Road
Walkden
Manchester
M28 3NS

Auditor

Abrams Ashton
Chartered Accountants
& Registered Auditor
77 Corporation Street
St Helens
Merseyside
WA10 1SX

PCT HEALTHCARE (HOLDINGS) LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

The directors have pleasure in presenting their report and the consolidated financial statements of the group for the period from 15 October 2007 to 30 November 2008

INCORPORATION

The company was incorporated on 15 October 2007 and this group commenced trading on 1 December 2007

The company changed its name from PCT2 Healthcare (Holdings) Limited on 22 November 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was that of a holding company

The principal activities of the group during the period were those of retail pharmacy and pharmaceutical wholesale

The activities of the company in previous years were included in a limited company named PCT Healthcare 2 (Holdings) Limited, formerly known as PCT Healthcare (Holdings) Limited, that is now under new ownership with effect from 30 November 2007

With effect from 30 November 2007 the company's branch network reduced from 99 retail pharmacy branches to 47 retail pharmacy branches

In the current year the company has sought to expand organically and with consideration to the communities in which it operates

Expansion of the company by acquisitions during 2007/08 has seen the branch network increase from 47 branches to 49 branches in the South Yorkshire, Derbyshire, Lancashire and Greater Manchester areas

The company is committed to actively work in partnership with local PCT's in the promotion of additional healthcare services

Qualitative measures relating to "improvements in service" are important measures of performance to the company and the community, however these are difficult to measure. Quantitative measures in terms of business performance and profitability are important to shareholders and provide assurances as to the continuing stability of the organisation

Basic KPI's (Key Performance Indicators) which the company bases financial evaluations are gross profit, net profit and staff cost based. There is a direct link between profitability and branch staffing levels, which is reflected in the budgeting process

Gross profit decreased from 33.6% in 2007 to 31.6% in 2008, reflecting a reduced remuneration structure from the Department of Health as anticipated in the OFR of two years ago

PCT HEALTHCARE (HOLDINGS) LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

Staffing remains the greatest asset, but also the largest cost to the company, amounting to £9.1m in 2008 and £19.4m in 2007. Allowing for annual pay increases, the decrease is represented by a reduction in branch numbers together with a prolonged accounting period in the previous period. Staff costs as a percentage of turnover were 16.4% in 2008, compared to 13.5% in 2007.

Other costs are not significant to the profitability of the company and so are not deemed sufficient KPI's.

Net profit before tax is considered a KPI. In 2007 PBIT cover, (being Profit before interest, depreciation, exceptional items and tax over net interest costs) was 13.1 compared to 4.1 in 2008. Company shareholders will note that net profit before depreciation, exceptional items and tax as a percentage of turnover has decreased from 15.9% in 2007 to 9.5% in 2008. These levels of profit are expected to increase over the forthcoming year.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £18,458,089. Particulars of dividends paid are detailed in note 10 to the consolidated financial statements.

DIRECTORS

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

Mr P Cattee	Appointed 15 October 2007
Mrs A J Cattee	Appointed 15 October 2007
Mr G A Tims	Appointed 15 October 2007
Mr A D Parker	Appointed 15 October 2007

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The consolidated financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those consolidated 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements,
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

PCT HEALTHCARE (HOLDINGS) LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

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

In so far as the directors are aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

DISABLED EMPLOYEES

The company's employment policies are fair and equitable and consistent with the skills and abilities of the employees and the needs of the company's business. If any employee becomes disabled, the objective is the continued provision of suitable employment either in the same or an alternative position with appropriate training if necessary.

EMPLOYEE INVOLVEMENT

Information on matters of concern to employees is given through internal bulletins and website which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance. Arrangements exist to consult and discuss with employees on matters likely to affect their interests.

AUDITOR

Abrams Ashton are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the directors



G A Tims

Director

Approved by the directors on 08/07/2009

PCT HEALTHCARE (HOLDINGS) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PCT HEALTHCARE (HOLDINGS) LIMITED
PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

We have audited the group and parent company consolidated financial statements ("the consolidated financial statements") of PCT Healthcare (Holdings) Limited for the period from 15 October 2007 to 30 November 2008, which have been prepared on the basis of the accounting policies set out on pages 11 to 13

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the group's and 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 consolidated 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 consolidated financial statements.

PCT HEALTHCARE (HOLDINGS) LIMITED

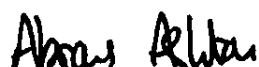
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PCT HEALTHCARE (HOLDINGS) LIMITED *(continued)***

PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

OPINION

In our opinion

- the consolidated financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 November 2008 and of the group's profit for the period then ended,
- the consolidated 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 consolidated financial statements



ABRAMS ASHTON
Chartered Accountants & Registered Auditor

77 Corporation Street
St Helens
Merseyside
WA10 1SX

8/11/09

PCT HEALTHCARE (HOLDINGS) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

	Period from 15 Oct 07 to 30 Nov 08 £ (12 months)
Note	
GROUP TURNOVER	2 55,827,613
Cost of sales	(38,176,275)
GROSS PROFIT	17,651,338
Administrative expenses	2,541,969
Other operating income	484,293
OPERATING PROFIT	3 20,677,600
Attributable to	
Operating profit before exceptional items	2,877,600
Exceptional items	3 17,800,000
	20,677,600
Interest receivable	6 282,172
Interest payable and similar charges	7 (1,571,701)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	19,388,071
Tax on profit on ordinary activities	8 (929,982)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	18,458,089
Minority interests	(26,625)
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	9 18,431,464
PROFIT FOR THE FINANCIAL PERIOD	18,431,464

All of the activities of the group are classed as continuing

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

The company has taken advantage of section 230 of the Companies Act 1985
not to publish its own Profit and Loss Account

The notes on pages 11 to 28 form part of these consolidated financial statements

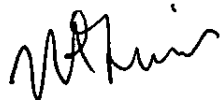
PCT HEALTHCARE (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEET

30 NOVEMBER 2008

	Note	£	30 Nov 08 £
FIXED ASSETS			
Intangible assets	11		20,634,612
Tangible assets	12		10,477,560
			<u>31,112,172</u>
CURRENT ASSETS			
Stocks	14	4,765,970	
Debtors	15	6,251,047	
Cash at bank and in hand		8,530,735	
		<u>19,547,752</u>	
CREDITORS Amounts falling due within one year	16	<u>(15,273,392)</u>	
NET CURRENT ASSETS			<u>4,274,360</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>35,386,532</u>
CREDITORS Amounts falling due after more than one year	17		(16,826,355)
PROVISIONS FOR LIABILITIES			
Deferred taxation	20		(92,751)
			<u>18,467,426</u>
MINORITY INTERESTS			<u>(30,962)</u>
			<u>18,436,464</u>
CAPITAL AND RESERVES			
Called-up equity share capital	23		5,000
Profit and loss account	24		18,431,464
SHAREHOLDERS' FUNDS	25		<u>18,436,464</u>

These consolidated financial statements were approved by the directors and authorised for issue on 28/11/2008, and are signed on their behalf by



G A Tims

Director

The notes on pages 11 to 28 form part of these consolidated financial statements

PCT HEALTHCARE (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

30 NOVEMBER 2008

	Note	£	30 Nov 08 £
FIXED ASSETS			
Investments	13		17,801,000
CURRENT ASSETS			
Debtors	15	1,467,000	
CREDITORS: Amounts falling due within one year	16	<u>(1,000)</u>	
NET CURRENT ASSETS			<u>1,466,000</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>19,267,000</u>
CREDITORS. Amounts falling due after more than one year	17		<u>(1,462,000)</u>
			<u>17,805,000</u>
CAPITAL AND RESERVES			
Called-up equity share capital	23		5,000
Profit and loss account	24		<u>17,800,000</u>
SHAREHOLDERS' FUNDS			<u>17,805,000</u>

These consolidated financial statements were approved by the directors and authorised for issue on 08/07/2009, and are signed on their behalf by

G A Tims

Director

The notes on pages 11 to 28 form part of these consolidated financial statements

PCT HEALTHCARE (HOLDINGS) LIMITED
CONSOLIDATED CASH FLOW STATEMENT
PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

		Period from 15 Oct 07 to 30 Nov 08	
	Note	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	26		12,630,788
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	26		(1,334,829)
TAXATION	26		525,567
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	26		(1,666,101)
ACQUISITIONS AND DISPOSALS	26		64,446
CASH INFLOW BEFORE FINANCING			10,219,871
FINANCING	26		(1,689,136)
INCREASE IN CASH	26		8,530,735

The notes on pages 11 to 28 form part of these consolidated financial statements

PCT HEALTHCARE (HOLDINGS) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

1 ACCOUNTING POLICIES

1.1 Basis of accounting

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

1.2 Basis of consolidation

The consolidated financial statements incorporate the consolidated financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over 10 years from the year of acquisition. The results of the companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group consolidated financial statements by virtue of section 230 of the Companies Act 1985.

1.3 Turnover

Revenue comprises the fair value of the sale of goods and services net of value added tax, rebates and discounts. Sales of goods are recognised either at point of sale or when the company has delivered the goods to the customer.

1.4 Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

1.5 Amortisation

Amortisation 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:

Goodwill	- 10 years straight line
----------	--------------------------

1.6 Fixed assets

All fixed assets are initially recorded at cost.

PCT HEALTHCARE (HOLDINGS) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

1. ACCOUNTING POLICIES *(continued)*

1 7 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 & equipment	- 15% & 25% straight line
Motor vehicles	- 25% reducing balance
Short leasehold property	- straight line over the life of the lease
Improvements to property	- 10% straight line

No depreciation charge is made on freehold and long leasehold properties on the grounds that it would be immaterial because the estimated residual value of the tangible fixed asset is not materially different from the carrying amount of the asset. The company undertakes regular impairment reviews and writes down properties where applicable.

1 8 Investment properties

No depreciation is provided on the company's investment properties. In accordance with SSAP 19 'Accounting for Investment Properties', they are included in the balance sheet at their open market value at the year end as valued annually by the directors. Increases or decreases in the value of the properties are taken to the investment property revaluation reserve.

Depreciation is not provided on the properties. This treatment may be a requirement of the Companies Act 1985 concerning depreciation of fixed assets. However, the properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy is therefore necessary to give a true and fair view.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1 10 Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the consolidated profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

1 11 Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

PCT HEALTHCARE (HOLDINGS) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

1. ACCOUNTING POLICIES *(continued)*

1.12 Pension costs

The company operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the period.

1.13 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.14 Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

1.15 Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	Period from 15 Oct 07 to 30 Nov 08 £
United Kingdom	<u>55,827,613</u>

PCT HEALTHCARE (HOLDINGS) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	Period from 15 Oct 07 to 30 Nov 08 £
Amortisation of intangible assets	3,300,799
Depreciation of owned fixed assets	349,872
Depreciation of assets held under finance lease agreements	5,043
Loss on disposal of fixed assets	68,531
Operating lease rentals - land and buildings	517,576
Auditor's remuneration	42,300
Amounts due to connected company written off	<u>(17,800,000)</u>
	30 Nov 08 £
Auditor's remuneration - audit of the consolidated financial statements	<u>42,300</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial period amounted to

	Period from 15 Oct 07 to 30 Nov 08 No
Number of administrative staff	23
Number of management staff	4
Number of other staff	408
	<u>435</u>

The aggregate payroll costs of the above were

	Period from 15 Oct 07 to 30 Nov 08 £
Wages and salaries	7,498,702
Social security costs	608,279
Other pension costs	98,605
	<u>8,205,586</u>

PCT HEALTHCARE (HOLDINGS) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

5 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	Period from 15 Oct 07 to 30 Nov 08 £
Aggregate emoluments	<u>846,214</u>

Emoluments of highest paid director:

	Period from 15 Oct 07 to 30 Nov 08 £
Total emoluments (excluding pension contributions)	<u>257,986</u>

6 INTEREST RECEIVABLE

	Period from 15 Oct 07 to 30 Nov 08 £
Bank interest receivable	113,350
Other interest receivable	<u>168,822</u>
	<u>282,172</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 15 Oct 07 to 30 Nov 08 £
Interest payable on bank borrowing	3,868
Finance charges	3,271
Interest on bank loans	1,315,791
Finance charges on shares classed as financial liabilities	116,960
Other interest payable	<u>131,811</u>
	<u>1,571,701</u>

PCT HEALTHCARE (HOLDINGS) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

8 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

	Period from 15 Oct 07 to 30 Nov 08 £
Current tax	
In respect of the period	
UK Corporation tax based on the results for the period at 28 66% (Over)/under provision in prior year	1,153,244 (96,310)
Total current tax	<u>1,056,934</u>
Deferred tax	
Origination and reversal of timing differences	(126,952)
Tax on profit on ordinary activities	<u>929,982</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 28 66%

	Period from 15 Oct 07 to 30 Nov 08 £
Profit on ordinary activities before taxation	<u>19,388,071</u>
Profit on ordinary activities by rate of tax	5,556,622
Expenses not deductible for tax purposes	711,481
Capital allowances for period in excess of depreciation	(18,715)
Tax chargeable at lower rates	(4,661)
Adjustments to tax charge in respect of previous periods	(96,310)
Property disposals	4,816
Subsidiary acquisitions	5,515
Connected company loan written off	(5,101,480)
Sundry tax adjusting items	(334)
Total current tax (note 8(a))	<u>1,056,934</u>

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the consolidated financial statements of the parent company was £17,800,000

PCT HEALTHCARE (HOLDINGS) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

10. DIVIDENDS

Dividends on shares classed as financial liabilities

**Period
from
15 Oct 07
to
30 Nov 08
£**

Paid during the year
Preference A shares

116,960

11. INTANGIBLE FIXED ASSETS

Group

**Goodwill
£**

COST

Additions

23,935,411

At 30 November 2008

23,935,411

AMORTISATION

Charge for the period

3,300,799

At 30 November 2008

3,300,799

NET BOOK VALUE

At 30 November 2008

20,634,612

PCT HEALTHCARE (HOLDINGS) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

12. TANGIBLE FIXED ASSETS

Group

	Freehold Property £	Long Leasehold Property £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Other Assets £	Total £
COST						
Additions	664,508	—	385,377	51,510	797,177	1,898,572
Disposals	(20,000)	—	—	(125,433)	(94,461)	(239,894)
Transfers	5,592,631	1,400,000	2,444,416	280,809	1,035,853	10,753,709
At 30 Nov 2008	6,237,139	1,400,000	2,829,793	206,886	1,738,569	12,412,387
DEPRECIATION						
Charge for the period	—	—	242,106	34,292	78,517	354,915
On disposals	—	—	—	(76,977)	(56,157)	(133,134)
Transfers	—	—	1,247,486	146,697	318,863	1,713,046
At 30 Nov 2008	—	—	1,489,592	104,012	341,223	1,934,827
NET BOOK VALUE						
At 30 Nov 2008	6,237,139	1,400,000	1,340,201	102,874	1,397,346	10,477,560

Included within freehold and long leasehold properties are investment properties totalling £4,241,144

Finance lease agreements

Included within the net book value of £10,477,560 is £15,129 relating to assets held under finance lease agreements. The depreciation charged to the consolidated financial statements in the period in respect of such assets amounted to £5,043

13. INVESTMENTS

Company

**Group
companies
£**

COST

Additions	17,801,000
At 30 November 2008	17,801,000

NET BOOK VALUE

At 30 November 2008	17,801,000
----------------------------	-------------------

PCT HEALTHCARE (HOLDINGS) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

13. INVESTMENTS *(continued)*

At 30 November 2008 the company owns more than 20% of the issued share capital of the trading companies listed below

	Country of incorporation	Holding	Proportion of voting rights	Nature of business
Subsidiary undertakings				
All held by the company				
PCT Healthcare Limited	England	Ordinary shares	100%	Retail pharmacy
P & A J Cattee (Wholesale) Limited	England	Ordinary shares	100%	Pharmaceutical wholesalers
PCT Healthcare (Properties) Limited	England	Ordinary shares	100%	Property rental
Grasmere Leigh Limited	England	Ordinary shares	85%	Retail pharmacy

Purchase of subsidiary undertakings

On 30 November 2007 the group acquired three subsidiaries, PCT Healthcare Limited, Tims and Parker Limited and P & A J Cattee (Wholesale) Limited for a consideration of £17,800,000 satisfied by loan account. Goodwill arising on the acquisition of the subsidiary companies has been capitalised and will be amortised over 10 years. The investment in the subsidiaries has been included in the balance sheet at its fair value at the date of acquisition.

Analysis of the acquisition of PCT Healthcare Limited, Tims and Parker Limited and P & A J Cattee (Wholesale) Limited is as follows

	30 Nov 08
	£
Tangible fixed assets	9,059,905
Stock	7,887,594
Debtors	14,649,157
Cash and bank	4,973,875
Creditors	(37,806,127)
Deferred tax	(219,703)
Minority interests	(49,637)
	<u>(1,504,936)</u>
Consideration	17,800,000
Goodwill	<u>19,304,936</u>

On 15 January 2008 the group acquired PCT Healthcare (Properties) Limited for a consideration of £1,000 representing the subscriber share capital in that company

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13 INVESTMENTS *(continued)*

Purchase of businesses

	30 Nov 08
	£
Tangible fixed assets	175,000
Stock	103,954
Consideration	4,909,429
Goodwill	<u>4,630,475</u>

The purchase of businesses in 2008 relate to the purchase of two branches

14 STOCKS

	Group	Company
	£	£
Finished goods	<u>4,765,970</u>	<u>—</u>

15 DEBTORS

	Group	Company
	£	£
Trade debtors	5,533,810	—
Amounts owed by group undertakings	—	1,467,000
Other debtors	393,446	—
Prepayments and accrued income	323,791	—
	<u>6,251,047</u>	<u>1,467,000</u>

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16. CREDITORS: Amounts falling due within one year

	Group £	Company £
Debenture loans	239,874	—
Bank loans	2,666,052	—
Trade creditors	7,581,748	—
Amounts owed to group undertakings	—	1,000
Finance lease agreements	6,816	—
Directors' loan accounts	2,082,147	—
Other creditors including taxation and social security		
Corporation tax	2,006,608	—
Other taxation and social security	162,770	—
Other creditors	94,274	—
Accruals and deferred income	433,103	—
	<u>15,273,392</u>	<u>1,000</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	Group £	Company £
Bank loans	2,666,052	—
Directors' and connected party loans	2,327,773	—
	<u>4,993,825</u>	<u>—</u>

Bank borrowings are secured by fixed charges over the investments and book debts together with a floating charge over the other assets of the company. The directors and other loans are secured by a debenture.

17 CREDITORS: Amounts falling due after more than one year

	Group £	Company £
Debenture loans	605,126	—
Bank loans and overdrafts	9,492,128	—
Directors' loan accounts	5,267,101	—
Shares classed as financial liabilities	1,462,000	1,462,000
	<u>16,826,355</u>	<u>1,462,000</u>

PCT HEALTHCARE (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17. CREDITORS: Amounts falling due after more than one year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	Group £	Company £
Bank loans and overdrafts	9,492,128	—
Directors and connected party loans	5,872,227	—
	<u>15,364,355</u>	<u>—</u>

Bank borrowings are secured by fixed charges over the investments and book debts together with a floating charge over the other assets of the company. The directors and other loans are secured by a debenture.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date

	Group £	Company £
Bank loans and overdrafts	5,446,072	—

The company has a number of bank loans ranging from 3 to 10 years with interest being payable at 1% above LIBOR or bank base rate.

18. COMMITMENTS UNDER FINANCE LEASES AGREEMENTS

Future commitments under finance leases agreements are as follows

	Group £	Company £
Amounts payable within 1 year	6,816	—
	<u>6,816</u>	<u>—</u>

19. PENSIONS

The group operates a defined contribution pension scheme in respect of its employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the group and amounted to £98,605.

20. DEFERRED TAXATION

The movement in the deferred taxation provision during the period was

	Group £	Company £
Provision for period	92,751	—
Provision carried forward	<u>92,751</u>	<u>—</u>

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20. DEFERRED TAXATION *(continued)*

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

	£
Excess of taxation allowances over depreciation on fixed assets	<u>92,751</u>

21. TRANSACTIONS WITH THE DIRECTORS

The group occupied premises owned by Mr P and Mrs A J Cattee. Rent paid during the period in respect of these properties amounted to £18,250.

During the period Mr P Cattee and Mr A D Parker had overdrawn loan accounts totalling £1,123,937 and £618,000, respectively. Interest has been paid by the directors on these amounts at commercial rates.

22. RELATED PARTY TRANSACTIONS

The company was under the control of Mr P Cattee and Mrs A J Cattee, directors and majority shareholders, throughout the current period.

The amount due to the directors at the balance sheet date were as follows:

	30 Nov 08
	£
G A Tims	1,845,000
A D Parker	1,000,000
P Cattee and A J Cattee	4,504,248
Total	<u>7,349,248</u>

Included within creditors at the balance sheet date is a loan totalling £845,000 from the A D Parker Discretionary Settlement Trust.

During the period the company paid Preference A dividends as follows:

	30 Nov 08
	£
Mrs J A Tims	52,000
Mrs A Parker	8,800
Mr P Cattee and Mrs A J Cattee	56,160
Total	<u>116,960</u>

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23 SHARE CAPITAL

Authorised share capital:

	30 Nov 08 £
275,000 Ordinary A shares of £1 each	275,000
225,000 Ordinary B shares of £1 each	225,000
1,462,000 Preference A shares of £1 each	1,462,000
4,000,000 Preference B shares of £1 each	4,000,000
	<u>5,962,000</u>

Allotted and called up:

	No	£
Ordinary A shares - £0 01 paid of £1 each	275,000	2,750
Ordinary B shares - £0 01 paid of £1 each	225,000	2,250
Preference A shares fully paid of £1 each	1,462,000	1,462,000
	<u>1,962,000</u>	<u>1,467,000</u>

30 Nov 08

Amounts presented in equity:

	£
Ordinary A shares - £0 01 paid of £1 each	2,750
Ordinary B shares - £0 01 paid of £1 each	2,250
	<u>5,000</u>

Amounts presented in liabilities:

Preference A shares fully paid of £1 each	<u>1,462,000</u>
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During the period the company issued 275,000 Ordinary A and 225,000 Ordinary B £1 shares for which 1p per share has been paid up, and 1,462,000 Preference A shares of £1 each at par

The Preference A shares have a right to a fixed cumulative preferential dividend at the rate of 8% per annum. They are non-voting and have no rights on winding up other than to be redeemed at par prior to any distribution to the ordinary shareholders

PCT HEALTHCARE (HOLDINGS) LIMITED
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24 RESERVES

Group	Profit and loss account £
Profit for the period	<u>18,431,464</u>
Balance carried forward	<u>18,431,464</u>
Company	Profit and loss account £
Profit for the period	<u>17,800,000</u>
Balance carried forward	<u>17,800,000</u>

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30 Nov 08 £
Profit for the financial period	18,431,464
New ordinary share capital subscribed	<u>5,000</u>
Net addition to shareholders' funds	<u>18,436,464</u>
Closing shareholders' funds	<u>18,436,464</u>

26 NOTES TO THE STATEMENT OF CASH FLOWS

**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM
OPERATING ACTIVITIES**

	Period from 15 Oct 07 to 30 Nov 08 £
Operating profit	20,677,600
Amortisation	3,300,799
Depreciation	354,915
Loss on disposal of fixed assets	68,531
Decrease in stocks	3,225,578
Decrease in debtors	8,292,030
Decrease in creditors	(5,488,665)
Amounts due to connected company written off	<u>(17,800,000)</u>
Net cash inflow from operating activities	<u>12,630,788</u>

PCT HEALTHCARE (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PERIOD FROM 15 OCTOBER 2007 TO 30 NOVEMBER 2008

26. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Period from 15 Oct 07 to 30 Nov 08 £
Interest received	282,172
Interest paid	(1,451,470)
Interest element of finance leases	(3,271)
Dividends on shares classed as financial liabilities	(116,960)
Dividends paid to minority interest	(45,300)
Net cash outflow from returns on investments and servicing of finance	<u>(1,334,829)</u>

TAXATION

	Period from 15 Oct 07 to 30 Nov 08 £
Taxation	<u>525,567</u>

CAPITAL EXPENDITURE

	Period from 15 Oct 07 to 30 Nov 08 £
Payments to acquire tangible fixed assets	(1,704,330)
Receipts from sale of fixed assets	38,229
Net cash outflow from capital expenditure	<u>(1,666,101)</u>

ACQUISITIONS AND DISPOSALS

	Period from 15 Oct 07 to 30 Nov 08 £
Cash paid to acquire trade/business	(4,909,429)
Net cash acquired with subsidiary	4,973,875
Net cash inflow from acquisitions and disposals	<u>64,446</u>

PCT HEALTHCARE (HOLDINGS) LIMITED
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26. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

FINANCING

	Period from 15 Oct 07 to 30 Nov 08 £
Issue of equity share capital	5,000
Issue of shares classed as financial liabilities	1,462,000
New debenture loans	845,000
Repayment of debenture loans	(331,500)
New bank loans	4,875,000
Repayment of bank loans	(13,792,956)
Capital element of finance leases	(18,781)
New directors' long-term loans	5,267,101
Net cash outflow from financing	<u>(1,689,136)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	30 Nov 08 £	£
Increase in cash in the period	8,530,735	
Net cash (inflow) from debenture loans	(513,500)	
Net cash outflow from bank loans	8,917,956	
Net cash (inflow) from issue of shares classed as financial liabilities	(1,462,000)	
Cash outflow in respect of finance leases	18,781	
Cash (inflow) from directors' long-term loans	<u>(5,267,101)</u>	
Change in net debt resulting from cash flows		10,224,871
Change in net debt due to acquisition/disposal of trade/business		<u>(21,433,233)</u>
Movement in net debt in the period		<u>(11,208,362)</u>
Net funds at 15 October 2007		-
Net debt at 30 November 2008		<u>(11,208,362)</u>

PCT HEALTHCARE (HOLDINGS) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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26 NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

ANALYSIS OF CHANGES IN NET DEBT

	At 15 Oct 2007 £	Cash flows £	Other changes £	At 30 Nov 2008 £
Net cash				
Cash in hand and at bank	—	8,530,735	—	8,530,735
Debt				
Debt due within 1 year	—	(2,905,926)	—	(2,905,926)
Debt due after 1 year	—	4,606,878	(21,433,233)	(16,826,355)
Finance lease agreements	—	(6,816)	—	(6,816)
	—	1,694,136	(21,433,233)	(19,739,097)
Net debt	—	10,224,871	(21,433,233)	(11,208,362)