

Company registration number: 6849845

AB Acquisitions UK Holdco 3 Limited
Strategic report, Directors' report
and financial statements
for the year ended 31 March 2014

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AB Acquisitions UK Holdco 3 Limited

Strategic report

for the year ended 31 March 2014

Principal activities

The Company is an investment holding company within the AB Acquisitions Holdings Limited group ("Group").

Business review

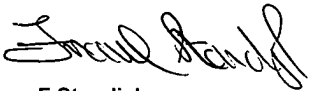
The Company's loss for the financial year was £28,234,000 (2013: £15,623,000 loss).

Principal risks and uncertainties

The Company's Directors monitor the overall risk profile of the Company. In addition, the Directors are responsible for determining clear policies as to what the Company considers to be acceptable levels of risk. These policies seek to enable the Company to identify risks that could undermine performance and to devise ways of bringing them to within acceptable levels. Where the Directors identify risks that are not acceptable, they develop action plans to mitigate them with clear allocation of responsibilities and timescales for completion and ensure that progress towards implementing these plans is monitored and reported upon.

There are no additional business risks for the Company necessary for an understanding of the development, performance or position of the business.

By order of the Board:



F Standish
Company Secretary
25 June 2014

Registered Office:
Sedley Place
4th Floor
361 Oxford Street
London
W1C 2JL

Registered in England and Wales No. 6849845

AB Acquisitions UK Holdco 3 Limited

Directors' report

for the year ended 31 March 2014

The Directors present their report and the audited financial statements for the year ended 31 March 2014.

Financial instruments

The Company is exposed to currency, credit and interest rate risk. The Group's treasury function manages these risks at a Group level in accordance with Group Treasury Policy including the use of financial instruments for the purpose of managing these risks. Group risks are discussed in the Group's Annual Report, which does not form part of this report.

Dividends

The Directors do not recommend the payment of a dividend (2013: £nil).

Directors

The following served as Directors during the year:

M Caprioli
S Pessina

The Group places Directors' and Officers' insurance centrally and provides coverage for Directors' and Officers' liability exposure.

Post balance sheet events

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

Auditors

KPMG Audit Plc resigned as auditor of the Company on 8 April 2014 pursuant to section 516 of the Companies Act 2006. On 9 April 2014, KPMG LLP were appointed as auditor of the Company.

Statement as to disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board:



F Standish
Company Secretary
25 June 2014

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Sedley Place
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AB Acquisitions UK Holdco 3 Limited

Statement of Directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

for the year ended 31 March 2014

The Directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report

to the members of AB Acquisitions UK Holdco 3 Limited

We have audited the financial statements of AB Acquisitions UK Holdco 3 Limited for the year ended 31 March 2014 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' responsibilities statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

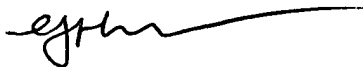
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Christopher Hearn (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL
25 June 2014

AB Acquisitions UK Holdco 3 Limited

Profit and loss account

for the year ended 31 March 2014

	Notes	2014 £000	2013 £000
Exceptional operating costs	6	(28,917)	(16,212)
Operating loss	2	(28,917)	(16,212)
Interest receivable and similar income	3	1,075	775
Interest payable and similar charges	4	(189)	-
Loss on ordinary activities before taxation		(28,031)	(15,437)
Tax on loss on ordinary activities	5	(203)	(186)
Loss for the financial year		(28,234)	(15,623)

There are no recognised gains and losses for the current and preceding financial years other than the loss of £28,234,000 (2013: £15,623,000 loss) shown above. Accordingly, no statement of recognised gains and losses is presented.

The amounts presented for the current and preceding financial years are derived from continuing operations.

The notes on pages 7 to 11 form part of the Company's financial statements.

AB Acquisitions UK Holdco 3 Limited

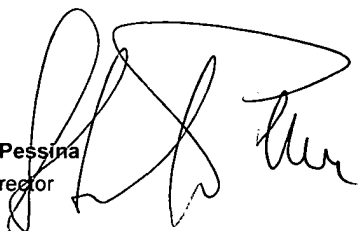
Balance sheet as at 31 March 2014

	Notes	2014 £000	2013 £000
Fixed assets			
Investments	6	16,371	45,288
Current assets			
Debtors (including £58,626,000 due after more than one year (2013: £10,297,000))	7	58,850	19,430
Cash at bank and in hand		105	-
Current liabilities			
Creditors: amounts falling due within one year	8	(79)	(93)
Net current assets		58,876	19,337
Total assets less current liabilities		75,247	64,625
Creditors: amounts falling due after more than one year	9	(38,856)	-
Net assets		36,391	64,625
Capital and reserves			
Called up share capital	10,11	981	981
Share premium	11	72,619	72,619
Profit and loss account	11	(37,209)	(8,975)
Shareholders' funds		36,391	64,625

The notes on pages 7 to 11 form part of the Company's financial statements.

These financial statements were approved by the Board on 25 June 2014 and were signed on its behalf by:

S Pessina
Director



AB Acquisitions UK Holdco 3 Limited

Notes to the financial statements

for the year ended 31 March 2014

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

Basis of preparation

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

AB Acquisitions Holdings Limited, the ultimate parent entity, includes the Company's assets, liabilities and results in its own publicly-available consolidated financial statements. Under FRS 1 (Revised 1996), 'Cash flow statements', the Company is therefore exempt from the requirement to prepare a cash flow statement.

The Company's voting rights are wholly controlled within the AB Acquisitions Holdings Limited group ("Group") and, consequently, the Company is exempt under FRS 8, 'Related party Disclosures', from disclosing transactions with entities that are part of the Group or investees of the Group qualifying as related parties.

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements and deliver them to the Registrar of Companies. The financial statements therefore present information about the Company as an individual undertaking and not about its group.

The Directors consider that the Company has adequate resources to remain in operation for the foreseeable future, and have therefore continued to adopt the going concern basis for preparing the financial statements.

Foreign currencies

Transactions denominated in non-sterling currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in non-sterling currencies at the balance sheet date are translated at the exchange rates ruling at that date. Non-monetary assets and liabilities denominated in non-sterling currencies are translated using the exchange rates at the date of the underlying transactions. Exchange gains or losses are included in the profit or loss account.

Interest receivable and similar income

Interest receivable and similar income comprises interest receivable on funds invested, calculated using the effective interest rate, fair value movements on applicable derivative financial instruments and net exchange movements related to funds invested.

Interest payable and similar charges

Interest payable and similar charges comprises interest payable on borrowings, calculated using the effective interest rate, financing fees, fair value movements on applicable derivative financial instruments and net exchange movements related to financing items.

Investments

Investments are stated at cost less provision for impairment.

Impairment of assets

The Company's fixed assets are reviewed at each balance sheet date to determine whether events or changes in circumstances exist that indicate that their carrying amount may not be recoverable. If such an indication exists, the fixed asset's recoverable amount is estimated. The recoverable amount is the higher of a fixed asset's net realisable value and its value in use. An impairment loss is recognised in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount.

Loans

Loans are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans 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 loans on an effective interest basis.

Cash at bank and in hand

Cash at bank and in hand comprises cash in hand and short term deposits with maturities of three months or less from the date of acquisition.

Share capital

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Accordingly, a financial instrument is treated as equity if:

- there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- the instrument is a non-derivative that contains no contractual obligation to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of its own equity instruments.

Equity instruments are recorded as share capital and share premium, as applicable, net of tax-effected share issue costs. To the extent that this definition is not met, the proceeds of any issue are classified as a financial liability.

AB Acquisitions UK Holdco 3 Limited

Notes to the financial statements (continued)

for the year ended 31 March 2014

1. Accounting policies (continued)

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. Financial assets and financial liabilities, excluding derivative financial instruments, are subsequently measured at amortised cost using the effective interest rate method.

The Company uses derivative financial instruments to hedge its exposure to currency translation and interest rate risks arising from operating, financing and investing activities. 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 remeasurement 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.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in 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.

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 amount 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 or 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 income statement 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.

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.

Taxation

Current taxation

Current tax is recognised at the amount expected to be paid or recovered for the year based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

2. Operating loss

	2014 £000	2013 £000
Exceptional operating costs ¹	(28,917)	(16,212)
Operating loss	(28,917)	(16,212)

¹The exceptional operating cost is described in note 6.

Auditor's remuneration

The 2014 fee for the audit of these financial statements was borne by a fellow group undertaking. The amount allocated that would have been incurred is £1,000 (2013: £1,000).

Staff numbers and costs

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

AB Acquisitions UK Holdco 3 Limited

Notes to the financial statements (continued)

for the year ended 31 March 2014

3. Interest receivable and similar income

	2014 £000	2013 £000
Interest receivable from group undertakings	921	775
Fair value gains on derivative financial instruments	154	-
	1,075	775

4. Interest payable and similar charges

	2014 £000	2013 £000
Interest payable to group undertakings	5	-
Other finance costs	29	-
Foreign exchange loss	155	-
	189	-

5. Tax on loss on ordinary activities

An analysis of the tax charge for the year is presented as follows:

	2014 £000	2013 £000
Current tax		
<i>United Kingdom ('UK') corporation tax</i>		
Corporation tax on income for the year at 23% (2013: 24%)	(203)	(186)
Tax on loss on ordinary activities	(203)	(186)

The current tax charge for the year is higher than (2013: higher than) the standard rate of corporation tax of 23% (2013: 24%). The differences are explained below:

	2014 £000	2013 £000
Loss on ordinary activities before tax	(28,031)	(15,437)
Current tax at 23% (2013: 24%)	6,447	3,705
Effects of:		
Impairment of fixed asset investments	(6,650)	(3,891)
Total current tax charge as above	(203)	(186)

Factors that may affect future current and total tax charges

During the year to 31 March 2014, the UK Government substantively enacted a reduction in the corporation tax rate to 21%, effective from 1 April 2014 and to 20% from 1 April 2015. This will reduce the Company's future current tax charge accordingly.

6. Fixed asset investments

	Shares in subsidiary undertakings £000
Cost less provision for impairment	
At 1 April 2013	45,288
Impairment	(28,917)
At 31 March 2014	16,371

The impairment recognised during the year relates to the Directors' judgment of the permanent reduction in the Company's directly held investments when compared to their recoverable amount and as such the investment in Alliance Healthcare Italia S.p.a. has been impaired by £28,917,000.

As at 31 March 2014, the cumulative impairment recognised within fixed asset investment cost was £45,129,000 (2013: £16,212,000).

AB Acquisitions UK Holdco 3 Limited

Notes to the financial statements (continued)

for the year ended 31 March 2014

6. Fixed asset investments (continued)

The Company's directly held principal subsidiary undertaking at the balance sheet date is:

	Percentage of ordinary shares attributable to equity shareholders of the Company	Country of operation	Main activity
Alliance Healthcare Italia S.p.a.	51	Italy	Pharmaceutical wholesaling and distribution and retail pharmacy operator

The respective country of incorporation for the principal subsidiary is the same as the country of operation.

As permitted by section 410 of the Companies Act 2006, only principal undertakings are shown. A complete list of all subsidiary undertakings is filed with the Company's annual return.

7. Debtors

	2014 £000	2013 £000
Amounts owed by group undertakings	58,725	19,430
Prepayments and accrued income	61	-
Derivative financial instruments	64	-
	58,850	19,430

Amounts owed by group undertakings includes £55,203,000 (2013: £nil) loaned to a subsidiary undertaking that is interest bearing and has a maturity date of 21 November 2015 and £3,423,000 (2013: £10,297,000) loaned to a fellow group undertaking that is interest bearing and has a maturity date of 31 March 2016. These loans have been separately disclosed on the face of the balance sheet, as they are a material amount, in accordance with UITF4 'Presentation of long-term debtors in current assets'.

8. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Corporation tax payable	79	93
	79	93

9. Creditors: amounts falling due after more than one year

	2014 £000	2013 £000
Amounts owed to group undertakings	38,856	-
	38,856	-

Amounts owed to group undertakings includes £38,856,000 (2013: £nil) loaned by a group undertaking that is interest bearing and has a maturity date of 31 December 2015.

10. Called up share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
981,333 Ordinary shares of £1 each	981	981

11. Reconciliation of movements in equity shareholders' funds

	Called up share capital £000	Share premium £000	Profit and loss account £000	Total £000
At 1 April 2012	981	72,619	6,648	80,248
Loss for the financial year	-	-	(15,623)	(15,623)
At 1 April 2013	981	72,619	(8,975)	64,625
Loss for the financial year	-	-	(28,234)	(28,234)
At 31 March 2014	981	72,619	(37,209)	36,391

AB Acquisitions UK Holdco 3 Limited

Notes to the financial statements (continued)

for the year ended 31 March 2014

12. Ultimate parent undertaking

At 31 March 2014, the Company's immediate parent company was ABG UK Holdings 1 Limited and its ultimate parent company and controlling party was AB Acquisitions Holdings Limited. AB Acquisitions Holdings Limited is also the parent undertaking of the largest and smallest group in which the Company is consolidated.

AB Acquisitions Holdings Limited is incorporated in Gibraltar and its registered office is 57/63 Line Wall Road, Gibraltar. AB Acquisitions Holdings Limited is jointly controlled by Alliance Santé Participations S.A., and three private equity investment vehicles advised by Kohlberg Kravis Roberts & Co. L.P., S. Pessina and O. Barra, who are directors of AB Acquisitions Holdings Limited, are also directors of Alliance Santé Participations S.A., which is ultimately owned by a family trust.