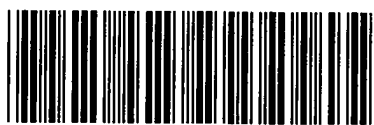


Company registration number: 07398678

**AB Acquisitions UK Holdco 5 Limited**  
**Strategic report, Directors' report**  
**and financial statements**  
for the year ended 31 March 2014

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# **AB Acquisitions UK Holdco 5 Limited**

## **Strategic report**

for the year ended 31 March 2014

### **Principal activities**

The Company is an investment holding company within the Alliance Boots GmbH group ("Group").

### **Business review**

The Company's loss for the financial year was £378,000 (2013: £530,000 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 people throughout the Company to use their expertise 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  
27 June 2014

Registered Office:  
Sedley Place  
4<sup>th</sup> Floor  
361 Oxford Street  
London  
W1C 2JL

Registered in England and Wales No. 07398678

# **AB Acquisitions UK Holdco 5 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:

A Clare  
M Delve  
F Standish

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.

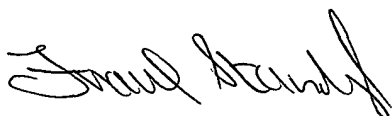
### **Auditors**

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.

### **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  
27 June 2014

Registered Office:  
Sedley Place  
4<sup>th</sup> Floor  
361 Oxford Street  
London  
W1C 2JL

Registered in England and Wales No. 07398678

## **AB Acquisitions UK Holdco 5 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 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 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 5 Limited

We have audited the financial statements of AB Acquisitions UK Holdco 5 Limited for the year ended 31 March 2014 set out on pages 5 to 10. 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](http://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  
27 June 2014

## AB Acquisitions UK Holdco 5 Limited

### Profit and loss account

for the year ended 31 March 2014

	Notes	2014 £000	2013 £000
<b>Operating result</b>	<b>2</b>	<b>-</b>	<b>-</b>
Interest receivable and similar income	3	8,023	7,806
Interest payable and similar charges	4	(8,514)	(8,503)
<b>Loss on ordinary activities before taxation</b>		<b>(491)</b>	<b>(697)</b>
Tax on loss on ordinary activities	5	113	167
<b>Loss for the financial year</b>		<b>(378)</b>	<b>(530)</b>

There are no recognised gains and losses for the current and preceding financial years other than the loss of £378,000 (2013: £530,000 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 10 form part of the Company's financial statements.

## AB Acquisitions UK Holdco 5 Limited

### Balance sheet as at 31 March 2014

	Notes	2014 £000	2013 £000
<b>Fixed assets</b>			
Investments	6	180,513	180,513
<b>Current assets</b>			
Debtors (including £113,120,000 due after more than one year (2013: £115,700,000))	7	145,525	137,411
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	8	(26,859)	(18,367)
<b>Net current assets</b>		<b>118,666</b>	<b>119,044</b>
<b>Total assets less current liabilities</b>		<b>299,179</b>	<b>299,557</b>
Creditors: amounts falling due after more than one year	9	(132,858)	(132,858)
<b>Net assets</b>		<b>166,321</b>	<b>166,699</b>
<b>Capital and reserves</b>			
Called up share capital	10,11	-	-
Share premium	11	165,000	165,000
Capital contribution	11	3,331	3,331
Profit and loss account	11	(2,010)	(1,632)
<b>Shareholders' funds</b>		<b>166,321</b>	<b>166,699</b>

The notes on pages 7 to 10 form part of the Company's financial statements.

These financial statements were approved by the Board on 27 June 2014 and were signed on its behalf by:



**M Delve**  
Director



# **AB Acquisitions UK Holdco 5 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.

Alliance Boots GmbH, the intermediate 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 Alliance Boots GmbH 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.

#### **Taxation**

##### *Current taxation*

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

#### **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 5 Limited

### Notes to the financial statements (continued)

for the year ended 31 March 2014

#### 2. Operating result

##### 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 year (2013: £nil). There were no employees during the year (2013: nil).

#### 3. Interest receivable and similar income

	2014 £000	2013 £000
Interest receivable from group undertakings	7,591	7,321
Net foreign exchange gain	-	29
Other finance income	432	456
	8,023	7,806

#### 4. Interest payable and similar charges

	2014 £000	2013 £000
Interest payable to group undertakings	8,503	8,503
Net foreign exchange loss	11	-
	8,514	8,503

#### 5. Tax on loss on ordinary activities

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

	2014 £000	2013 £000
<b>Current tax</b>		
<i>United Kingdom ('UK') corporation tax</i>		
Corporation tax credit on loss for the year at 23% (2013: 24%)	113	167
<b>Tax on loss on ordinary activities</b>	113	167

The current tax credit is equal to (2013: equal to) the standard rate of corporation tax of 23% (2013: 24%).

##### 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 undertaking £000
Cost at 1 April 2013 and 31 March 2014	180,513

The Company's investment represents a direct holding in 100% of the share capital and voting rights in AB Acquisitions Nederland Holdco 1 B.V., a Dutch company, which owns the investment in the pharmaceutical wholesale and distribution business of the Alliance Boots GmbH group in Germany.

## AB Acquisitions UK Holdco 5 Limited

### Notes to the financial statements (continued)

for the year ended 31 March 2014

#### 6. Fixed asset investments (continued)

The Company's principal subsidiary undertakings at the balance sheet date, all of which are indirectly held, were:

	Percentage of ordinary shares attributable to equity shareholders of the Company	Country of operation	Main activity
Alliance Healthcare Deutschland AG	79.9	Germany	Pharmaceutical wholesaling and distribution
Farmexpert DCI S.A.	79.9	Romania	Pharmaceutical wholesaling and distribution
Armila UAB	79.9	Lithuania	Pharmaceutical wholesaling and distribution

The respective country of incorporation for the principal subsidiaries are 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.

#### Associates

The Company's principal associate which is indirectly held, was:

	Percentage of ordinary shares attributable to equity shareholders of the Company	Country of operation	Main activity
Oktal Pharm d.o.o.	49.0	Croatia	Pharmaceutical wholesaling and distribution

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

#### 7. Debtors

	2014 £000	2013 £000
Amounts owed by group undertakings	145,456	137,340
Corporation tax recoverable	69	71
	145,525	137,411

Amounts owed by group undertakings includes £113,120,000 (2013: £115,700,000) loaned to a fellow group undertaking that is interest bearing and has a maturity date of 30 November 2015. This loan has been separately disclosed on the face of the balance sheet, as it is a material amount, in accordance with UITF 4 'Presentation of long-term debtors in current assets'.

#### 8. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Amounts owed to group undertakings	26,859	18,367
	26,859	18,367

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

	2014 £000	2013 £000
Amounts owed to group undertakings	132,858	132,858
	132,858	132,858

Amounts owed to group undertakings represents an amount loaned by a fellow group undertaking that is interest bearing and matures on 30 September 2015.

#### 10. Called up share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
40 ordinary shares of £1 each	-	-

## AB Acquisitions UK Holdco 5 Limited

### Notes to the financial statements (continued)

for the year ended 31 March 2014

#### 11. Reconciliation of movements in equity shareholders' funds

	Called up share capital £000	Share premium £000	Capital contribution £000	Profit and loss account £000	Total £000
At 1 April 2012	-	125,000	-	(1,102)	123,898
Proceeds of ordinary share capital issued	-	40,000	3,331	-	43,331
Loss for the financial period	-	-	-	(530)	(530)
At 1 April 2013	-	165,000	3,331	(1,632)	166,699
Loss for the financial year	-	-	-	(378)	(378)
At 31 March 2014	-	165,000	3,331	(2,010)	166,321

#### 12. Ultimate parent undertaking

At 31 March 2014 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 of the 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 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 Alliance Boots GmbH, are also Directors of Alliance Santé Participations S.A., which is ultimately owned by a family trust.

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](http://www.allianceboots.com).