

THE UNICHEM GROUP

Activities

The principal activities of UniChem are: the provision of pharmaceutical distribution services and supporting facilities to retail and hospital pharmacies throughout Great Britain and the Channel Islands; pharmaceutical retailing in Great Britain; and pharmaceutical distribution in Portugal.

The retail business consists of the self-managed chain trading as Moss Chemists and franchised outlets. During the year the chain acquired and opened a further 74 pharmacies bringing the total number of pharmacies owned at the end of the year to 204.

During the course of the year UniChem acquired three pharmaceutical wholesalers in northern Portugal as part of its plan to extend its interests in pharmaceutical wholesaling in Europe.

As reported at the interim stage UniChem disposed of its nappy manufacturing operation allowing the management to concentrate on the core activities. The directors were pleased that the business was sold as a going concern thereby safeguarding employment.

The activities of the other subsidiary undertakings are described in note 16 to the Financial Statements.

Profit

The 1992 profit on ordinary activities before taxation amounted to £31,873,000 (1991 £21,397,000). The retained profit for the year of £10,944,000 (1991 £7,266,000) has been transferred to reserves. Full details of the results of the Group are set out on page 26.

Fixed assets

The changes in the fixed assets during the financial year are shown in notes 14 to 16 to the Financial Statements. The market value of properties at the end of the financial year does not, in the opinion of the directors, differ substantially from the amount at which they are included in the balance sheet.

SHAREHOLDERS

Dividend

The directors propose the payment of a final dividend of 3.75 pence on each ordinary share, the payment of which will be made on 1 July 1993. If approved the total dividend for the year will be 5.65 pence per share.

For the first time the directors offered shareholders an opportunity to increase their shareholding by taking shares instead of the interim cash dividend. The directors intend to offer the same facility for the final dividend subject to the final dividend being approved at the annual general meeting.

Corporate PEPS

In November UniChem launched two personal equity plans known as the UniChem Single Company PEP and the UniChem General PEP. A number of shareholders have recognised both the tax advantages and administrative convenience of these schemes and have invested in them.

Annual General Meeting

In addition to the routine business of the annual general meeting the directors are proposing resolutions for your approval to: give them authority to allot shares, waive your pre-emption rights, give them authority to offer shares for cash dividends and amend the share option schemes rules.

The full resolutions are set out in the notice of the annual general meeting on page 46 and explanations for these proposals are set out in the notes on the business to be covered at the meeting on page 48.

CUSTOMERS

UniChem is committed in its support of independent retail pharmacists and receives valuable input from the Regional Committees that meet regularly throughout the year. The pharmacist members of these committees are detailed on page 22.

THE COMMUNITY

Political and charitable gifts

The sum of £10,000 has been given to the Charities Aid Foundation. No political gifts were made during the financial year.

Animal testing

It is the policy of the company that only skin care products that have not been tested on animals will be introduced to our Own Brand range and that wherever possible our retail pharmacies will only stock other brands with the same policy.



SCA
COMPANIES HOUSE

0334
25/5/93

RE-SCAN



Health, safety and welfare

It is the policy of UniChem to enlist the support of all staff in providing the safest and healthiest environment within its premises that are reasonably practical for all its employees and visitors. At each location the company operates health and safety committees to advise management, whose duty it is to take every reasonable step to achieve the stated policy.

EMPLOYEES

It is the policy of UniChem to employ the best qualified personnel and provide equal opportunity in the selection and advancement of employees regardless of age, race, colour, national origin, religious persuasion, sex or marital status.

It is also UniChem's policy to give full and fair consideration to disabled applicants for employment, having regard to their particular aptitudes and abilities. 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.

The directors are pleased that approximately one fifth of group employees have share options through which they are encouraged to become involved in the performance of the company. Full details of the options can be found in note 22 to the Financial Statements. Each option holder receives a copy of this report. Various other arrangements for employee communication and consultation exist including regular staff briefings.

DIRECTORS

The current directors of the company are shown on page 21. During the year Mr B.M. Andrews joined the board as Retail Director and Mr G.L. Sewell joined the board as Finance Director. Mr J.E. Power resigned and Mr P.J. Dodd retired from the board as Chief Executive. Mr J.F. Harris was appointed Chief Executive in his stead.

Biographical notes on all of the directors are on page 20. Details of the interests and service contracts of the directors are shown in note 7 to the Financial Statements.

The company maintains insurance cover for all of the directors in respect of any potential liabilities that they may have in relation to their duties while employed by the company.

UNICHEM PLC

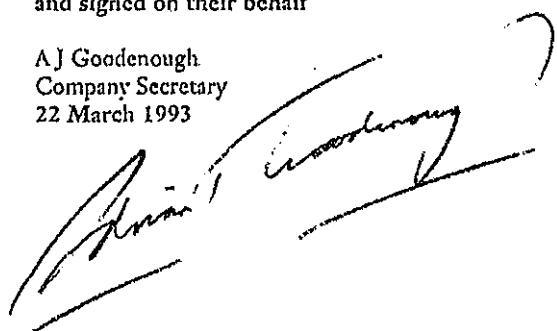
Corporate Governance

The board of directors has six committees: audit, executive, nomination, remuneration, sealing and share capital. All of these committees have established terms of reference. The directors have studied the recommendations of the Cadbury Committee and will be complying with the code of best practice as stated therein.

Details in the other constituent sections of these reports and Financial Statements are material to an appreciation of the business of UniChem and as such form part of this report.

Approved by the Board of Directors
and signed on their behalf

A J Goodenough
Company Secretary
22 March 1993



228-05-93

Consolidated Profit and Loss Account
for the year ended 31 December 1992

	Note	1992 £000	1991 £000
Turnover	2	1,048,732	920,105
Cost of sales		(964,512)	(862,359)
Gross profit		84,220	57,746
Administrative expenses		(58,403)	(38,634)
		25,817	19,112
Other operating income	3	8,315	2,573
Operating profit	2	34,132	21,685
Interest receivable	4	1,329	2,016
Interest payable	5	(3,588)	(2,304)
Profit on ordinary activities before taxation	6	31,873	21,397
Tax on profit on ordinary activities	9	(10,795)	(7,056)
Profit on ordinary activities after taxation		21,078	14,341
Extraordinary item	10	(2,449)	(1,025)
Profit after taxation and extraordinary item	11	18,629	13,316
Dividends	12	(7,685)	(6,050)
Retained profit for the financial year	23	10,944	7,266
Earnings per share			
- Undiluted	13	15.5p	13.7p
- Fully diluted	13	15.1p	13.3p

Balance Sheets
at 31 December 1992

		The Group		Company	
	Note	1992	1991	1992	1991
		£000	£000	£000	£000
Fixed assets					
Intangible assets	14	-	84	-	-
Tangible assets	15	33,809	31,951	21,561	20,917
Investments	16	5,088	4,239	20,183	16,612
		38,897	36,274	41,744	37,529
Current assets					
Stocks	17	81,881	75,983	66,278	67,538
Debtors	18	163,497	144,093	150,630	133,133
Amount due from rights issue	22	-	35,121	-	35,121
Cash at bank and in hand		26,462	3,387	23,713	3,348
		271,840	258,584	240,621	241,140
Creditors: amounts falling due within one year					
Bank overdraft		26,284	4,846	15,390	-
Trade creditors		139,717	123,375	132,856	118,352
Sundry creditors	19	36,321	40,007	30,540	36,094
		202,322	168,228	178,786	154,446
Net current assets		69,518	90,356	61,835	86,694
Total assets less current liabilities		108,415	126,630	103,579	124,223
Creditors: amounts falling due after more than one year	20	12,888	13,598	12,829	13,086
Provisions for liabilities and charges	21	2,369	1,190	311	610
		93,158	111,842	90,439	110,527
Capital and reserves					
Called up share capital	22	13,755	9,803	13,755	9,803
Share premium account	22	730	25,882	730	25,882
Shares to be issued	22	-	52,367	-	52,367
Special reserve	23	10,373	-	10,373	-
Other reserves	23	68,300	57,050	65,581	55,735
Goodwill	23	-	(33,260)	-	(33,260)
		93,158	111,842	90,439	110,527

The Financial Statements were approved by the Board of Directors of UniChem PLC on 22nd March 1993 and are signed on its behalf by:

LORD RIPPON
J F HARRIS

Directors

Consolidated Cash Flow Statement
for the year ended 31 December 1992

		1992	1991
	Note	£000	£000
Net cash inflow from operating activities	26	34,778	11,471
Returns on investment and servicing of finance			
Interest received		1,265	2,016
Interest paid		(3,029)	(1,702)
Interest element of finance lease payments		(441)	(602)
Dividends paid		(7,970)	(1,414)
Distributions paid		-	(552)
Net cash outflow from returns on investment and servicing of finance		(10,175)	(2,254)
Taxation			
Corporation tax (including ACT) paid		(10,169)	(4,424)
Investing activities			
Purchase of pharmacy goodwill via asset acquisitions		(8,004)	(8,323)
Purchase of intangible fixed assets		-	(68)
Purchase of tangible fixed assets		(4,966)	(3,711)
Purchase of subsidiary undertakings	28	(30,895)	(12,926)
Other investments		(849)	(20)
Sale of pharmacy goodwill		176	-
Sale of tangible fixed assets		742	819
Sale of subsidiary undertaking	28	352	-
Cost of unsuccessful takeover bid		-	(1,025)
Net cash outflow from investing activities		(43,444)	(25,254)
Net cash outflow before financing		(29,010)	(20,461)
Financing			
Issue of ordinary share capital	30	35,141	9
Loans repaid		-	(7,350)
Capital element of finance lease payments	30	(3,685)	(2,917)
Net cash inflow (outflow) from financing		31,456	(10,258)
Increase (decrease) in cash and cash equivalents	31	2,446	(30,719)

(1) ACCOUNTING POLICIES

Convention

The financial statements have been prepared in accordance with the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies adopted within that convention are set out below.

Basis of consolidation

The consolidated profit and loss account and balance sheets of the Group consolidate the financial statements of UniChem PLC and its subsidiary undertakings. All undertakings within the Group make up their accounts to 31 December.

Turnover

Turnover is the amount derived from the provision of goods and services excluding value added tax and sales between undertakings within the Group.

Pensions

The costs of funding the defined benefit pension schemes operated by the Group are estimated on the basis of independent actuarial advice, and are charged to the profit and loss account over the expected service lives of participating employees.

This accounting policy follows the funding policy except where an actuarial valuation indicates that a deficiency or a surplus has arisen. Such surpluses or deficiencies are, for funding purposes, dealt with as advised by the actuary. For accounting purposes, they are spread over the expected remaining service lives of participating employees.

The costs of funding the defined contribution pension schemes operated by the Group are charged to the profit and loss account as they are payable.

Goodwill

The excess of the purchase price over the fair value of the net tangible assets of businesses acquired in the year is taken to the reserves. This treatment has been adopted in accordance with current accounting standards.

Fixed asset investments

Fixed asset investments are stated at cost less an amount equal to underlying goodwill on acquisition and provisions for permanent diminution in value.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write down the cost of these assets to their estimated residual values by equal annual instalments over the period of their estimated useful economic lives at the following rates:

- (a) Freehold buildings - at 2% per annum
- (b) Long and short leasehold properties - at 2% per annum or over the period of the lease whichever is the shorter
- (c) Furniture, fixtures, equipment and motor vehicles - at rates ranging from 10% to 33%, according to their nature.

Leased assets

Fixed assets held under finance leases are capitalised and depreciated over the estimated useful life of the asset. The finance charges are allocated over the primary period of the lease in proportion to the capital element of the lease outstanding. The costs of operating leases are charged to the profit and loss account as they accrue.

Stocks

Stocks consist of goods held for resale and raw materials. They are valued at the lower of cost, determined on a first-in, first-out basis, and net realisable value.

Deferred taxation

Deferred taxation is provided in respect of significant timing differences to the extent that it is probable that such tax will become payable.

Foreign exchange

Transactions of U.K. undertakings denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Balance sheets of foreign undertakings are translated into sterling at the closing rates of exchange and profit and loss accounts are translated at the average rates of exchange for the year. Differences arising on translation are taken direct to reserves.

Notes to the Financial Statements
for the year ended 31 December 1992

(2) ANALYSIS OF TURNOVER AND OPERATING PROFIT

	Turnover 1992 £000	Operating Profit 1992 £000	Turnover 1991 £000	Operating Profit 1991 £000
Wholesale UK	977,627	28,441	916,885	20,988
Retail UK	79,749	4,856	12,352	697
Wholesale Portugal	43,350	835	-	-
Intra-group sales	(51,994)	-	(9,132)	-
	1,048,732	34,132	920,105	21,685

(3) OTHER OPERATING INCOME

	1992 £000	1991 £000
Distribution agency fees, net rental income on pharmacy computer systems and franchise fee income	8,315	2,573

(4) INTEREST RECEIVABLE

	1992 £000	1991 £000
Bank deposit interest	1,329	2,016

(5) INTEREST PAYABLE

	1992 £000	1991 £000
Bank loans and overdrafts repayable within five years	1,723	201
Other loans	1,424	1,501
Finance charges payable on finance leases	441	602
	3,588	2,304

(6) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1992 £000	1991 £000
Depreciation of owned assets	2,763	1,931
Depreciation of assets held under finance leases	2,748	2,479
Total depreciation of tangible fixed assets	5,511	4,410
Depreciation of intangible fixed assets	43	75
Operating lease rentals - land and buildings	2,456	1,074
- plant and machinery	268	319
Audit fees	156	96
Other fees paid to the auditors	176	162

The costs of distribution are considered to be a component of cost of sales.

Notes to the Financial Statements
for the year ended 31 December 1992

(7) DIRECTORS

(a) Directors' shares and other interests

The interests of the current directors and their immediate families, all of which are beneficial, in the ten pence ordinary shares of the Company are detailed below.

	31 December 1992	1 January 1992	31 December 1992	31 December 1992
	Fully paid	Fully paid	1990 executive share option scheme	1990 savings related share option scheme
B.M. Andrews	95,019	(1) 95,019	-	(2) 8,035
M.A. Bardsley	5,043	4,000	-	-
J.W. Buchanan	72,779	55,076	-	-
J.F. Harris	6,304	5,000	300,000	13,534
W.H. Hart	5,043	4,000	300,000	13,534
K.S.S. Hide	5,043	4,000	300,000	13,534
D.C. Mair	45,044	33,810	-	-
Lord Rippon	37,826	30,000	-	-
G.T. Sewell	5,000	(1) -	(2) 269,585	-
	277,101	230,905	1,169,585	48,637

There were no changes in the directors' interests between 31 December 1992 and 22 March 1993.

(1) As at the date of his appointment as a director and not 1 January 1992.

(2) Granted during the year.

Further details of the 1990 executive share option scheme and the 1990 savings related share option scheme are given in note 22.

No director has been materially interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and its subsidiary undertakings and which was entered into by the Company or its subsidiary undertakings during the financial year ended 31 December 1992.

(b) Directors' service contracts

B.M. Andrews, J.F. Harris, W.H. Hart, K.S.S. Hide and G.T. Sewell have service contracts that are terminable by the Company on twelve months notice. No other director has a service contract with the Company.

(c) Directors' emoluments

The emoluments of the directors, inclusive of pension contributions, for the financial year ended 31 December 1992 totalled £1,183,057 (1991 £1,410,263). In addition a payment of £400,000 was made to P.J. Dodd on his retirement from the Company. The emoluments, exclusive of pension contributions, are summarised below.

	1992	1991
	£000	£000
Chairman	60	60
Highest paid director	231	511

The other directors fell within the following ranges:

	Number	Number
£0 and over but not exceeding £5,000	-	1
£5,001 and over but not exceeding £10,000	5	2
£10,001 and over but not exceeding £20,000	1	1
£20,001 and over but not exceeding £30,000	1	1
£30,001 and over but not exceeding £40,000	2	3
£40,001 and over but not exceeding £50,000	1	-

The emoluments of the directors are recommended to the Board by a remuneration committee consisting of the chairman, the chief executive and one other non-executive director appointed by the Board.

All directors are currently paid salaries with no profit related element.

Notes to the Financial Statements
for the year ended 31 December 1992

(8) EMPLOYEES

The average number of staff employed by the Group, which includes directors were:	1992	1991
Wholesale UK	2,665	2,648
Retail UK	1,568	204
Wholesale Portugal	205	-
Total	4,438	2,852
The costs incurred in respect of these employees were:	1992	1991
	£000	£000
Wages and salaries	32,648	22,153
Social security costs	3,107	1,902
Other pension costs (note 33)	1,897	1,475
	37,652	25,530

(9) TAX ON PROFIT ON ORDINARY ACTIVITIES

	1992	1991
	£000	£000
Corporation tax charge at 33% (1991 33.25%)	10,855	7,019
Deferred taxation	220	423
Under(over) provision for earlier years	(280)	(386)
	10,795	7,056

(10) EXTRAORDINARY ITEM

	1992	1991
	£000	£000
Costs of the bid for Macarthy plc	-	1,025
Withdrawal from nappy manufacturing	2,449	-
	2,449	1,025

(11) PROFIT OF THE PARENT COMPANY

	1992	1991
	£000	£000
Dealt with in the accounts of the parent company	17,531	12,722

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts.

Notes to the Financial Statements
for the year ended 31 December 1992

(12) DIVIDENDS

	1992	1991
	£000	£000
Interim paid, net 1.9 pence (1991 1.65 pence)	2,521	1,670
Final proposed, net 3.75 pence (1991 declared 3.3 pence)	5,164	4,380
	7,685	6,050

The dividend has not been restated to reflect the loyalty bonus share issue as this was not available to the generality of shareholders and would, if it were restated, overstate the dividend growth.

(13) EARNINGS PER SHARE

Earnings per share were calculated by dividing the earnings by the weighted average number of shares in issue during the year. The fully diluted earnings per share were calculated by increasing the relevant earnings figures by the amount of interest that could have been earned assuming that the options had been exercised at the start of the relevant year. Further details of the options are given in note 22.

	1992	1991
	£000	£000
Profit after taxation	21,078	14,341

	1992	1991
Weighted average number of shares	000	000
Undiluted	136,356	104,612
Fully diluted	142,978	110,395

(14) INTANGIBLE FIXED ASSETS

	Development expenditure £000
The Group	
Cost	
At 1 January 1992	371
Disposal	(371)
At 31 December 1992	-
Depreciation	
At 1 January 1992	287
Disposal	(330)
Charge for the year	43
At 31 December 1992	-
Net Book Value	
At 31 December 1992	-
At 31 December 1991	84

Notes to the Financial Statements
for the year ended 31 December 1992

(15) TANGIBLE FIXED ASSETS	Freehold land and buildings	Long leaseholds	Short leaseholds	Furniture fixtures & equipment	Motor vehicles	Total
The Group						
Cost	£000	£000	£000	£000	£000	£000
At 1 January 1992	11,738	8,656	1,907	20,228	6,137	48,666
Foreign exchange movement	115	-	-	71	5	191
Additions	186	22	37	4,036	2,920	7,201
Subsidiaries acquired	1,956	1,285	75	2,104	392	5,812
Disposals	(2,237)	-	(18)	(4,114)	(2,367)	(8,736)
At 31 December 1992	11,758	9,963	2,001	22,325	7,037	53,134
Depreciation						
At 1 January 1992	848	476	700	11,036	3,655	16,715
Foreign exchange movement	1	-	-	55	6	62
Subsidiaries acquired	62	293	-	1,194	182	1,731
Disposals	(128)	-	(15)	(2,682)	(1,869)	(4,694)
Charge for the year	251	172	106	2,849	2,133	5,511
At 31 December 1992	1,034	941	791	12,452	4,107	19,325
Net Book Value						
At 31 December 1992	10,724	9,022	1,210	9,873	2,980	33,809
At 31 December 1991	10,890	8,180	1,207	9,192	2,482	31,951
Company						
Cost						
At 1 January 1992	4,392	7,984	1,372	14,607	5,704	34,059
Additions	133	21	1	2,708	2,515	5,378
Disposals	-	-	-	(1,192)	(1,886)	(3,078)
At 31 December 1992	4,525	8,005	1,373	16,123	6,333	36,359
Depreciation						
At 1 January 1992	594	470	433	8,222	3,423	13,142
Disposals	-	-	-	(1,153)	(1,635)	(2,788)
Charge for the year	92	139	70	2,177	1,966	4,444
At 31 December 1992	686	609	503	9,246	3,754	14,798
Net Book Value						
At 31 December 1992	3,839	7,396	870	6,877	2,579	21,561
At 31 December 1991	3,798	7,514	939	6,385	2,281	20,917

The cost of long leaseholds includes capitalised interest of £320,000 (1991 £320,000).

Leased Assets

Included within fixed assets are assets held under finance leases with the following net book values:

	The Group		Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Furniture, fixtures & equipment	1,849	3,311	1,757	2,350
Motor vehicles	1,586	1,374	1,586	1,316
	3,435	4,685	3,343	3,666

Capital Commitments

	The Group		Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Contracted for, but not provided for	-	-	-	-
Authorised by the directors, but not contracted for	10,895	8,998	7,845	6,278

Notes to the Financial Statements
for the year ended 31 December 1992

(16) FIXED ASSET INVESTMENTS

	The Group		Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Subsidiary undertakings (b)				
Shares at cost	-	-	2,797	4,470
Loan and current accounts (net)	-	-	12,298	7,903
	-	-	15,095	12,373
Other investments (c)	5,088	4,239	5,088	4,239
Total	5,088	4,239	20,183	16,612

(a) Company	Shares*	Loans	Total
	£000	£000	£000
Subsidiary undertakings			
At 1 January 1992	4,470	7,903	12,373
Acquired/advanced	40,439	16,918	57,357
Repaid/provided	(42,112)	(12,523)	(54,635)
At 31 December 1992	2,797	12,298	15,095

* Shares are stated at cost less an amount equal to the underlying goodwill on acquisition and provisions for permanent diminution in value.

(b) The principal subsidiary undertakings, all of which are wholly owned by UniChem PLC, are:
E. Moss Limited - retail pharmacy operator and franchisor
Soler Touriste Limited - travel agent
UniChem Portuguesa (S.G.P.S.) Lda (Portugal) - holding company
UniChem Farmaceutica, S.A. (Portugal) - pharmaceutical wholesaler
UniChem (Warehousing) Limited - warehousing services to UniChem PLC

These principal subsidiary undertakings are registered and operate in England and Wales, except where otherwise stated.

(c) Other investments represent the cost of investment in PAG Pharma-Holding AG which is incorporated in Germany. The Company owns 55,250 ordinary bearer shares (representing approximately 17% of the issued equity) which increased during the year following subscribing for the PAG rights issue. The market value of this investment as quoted on the Frankfurt stock exchange at 31 December 1992 was £4,506,000 (1991 £4,673,000).

(17) STOCKS

	The Group		Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Raw materials	-	438	-	-
Finished goods and goods held for resale	81,881	75,545	66,278	67,538
	81,881	75,983	66,278	67,538

Notes to the Financial Statements
for the year ended 31 December 1992

(18) DEBTORS

	The Group		Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Amounts falling due within one year				
Trade debtors	154,114	135,604	145,357	129,224
Other debtors	3,663	2,421	1,310	543
Prepayments	2,194	2,382	1,170	1,880
	159,971	140,407	147,837	131,447
Amounts falling due after more than one year				
Trade debtors	199	384	199	384
Other debtors - ACT recoverable	1,566	1,286	833	1,286
Prepayments - Pension costs	1,761	2,016	1,761	2,016
	3,526	3,686	2,793	3,686
	163,497	144,093	150,630	135,133

(19) SUNDRY CREDITORS

	The Group		Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Obligations under finance leases	1,855	2,595	1,809	2,212
Other creditors	5,455	803	3,929	665
Corporation tax	11,637	11,268	9,500	10,062
Other taxation and social security	6,809	5,454	6,400	5,281
Accruals and deferred income	5,401	13,837	3,738	11,824
Proposed dividend	5,164	6,050	5,164	6,050
	36,321	40,007	30,540	36,094

(20) CREDITORS - AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR

	The Group		Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Bank loans (a)	11,355	11,355	11,355	11,355
Obligations under finance leases (b)	1,533	2,243	1,474	1,731
	12,888	13,598	12,829	13,086

(a) Bank loans

	The Group		Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Aggregate bank loan instalments repayable in five years or more	11,355	11,355	11,355	11,355

The loan is repayable by instalments, with the last instalment due in 2004. It bears interest at a variable rate which at the year end was 9.85% and is secured by charges on assets of the Group.

(b) Obligations under finance leases

	The Group		Company	
	1992	1991	1992	1991
	£000	£000	£000	£000
Due between one and two years	1,074	1,294	1,015	930
Due between two and five years	599	1,219	599	1,043
	1,673	2,513	1,614	1,973
Less: finance charges allocated to future periods	(140)	(270)	(140)	(242)
	1,533	2,243	1,474	1,731

Notes to the Financial Statements
for the year ended 31 December 1992

(21) PROVISIONS FOR LIABILITIES AND CHARGES	Provision for reorganisation	Deferred tax	Total
The Group	£000	£000	£000
At 1 January 1992	948	242	1,190
Provided	1,721	-	1,721
Utilised	(1,078)	-	(1,078)
Subsidiary acquired	-	380	380
Charge for the year	-	220	220
ACT recoverable	-	(272)	(272)
Other movements	-	208	208
At 31 December 1992	1,591	778	2,369
Company			
At 1 January 1992	-	610	610
Charge for the year	-	14	14
ACT recoverable	-	64	64
Other movement	-	(377)	(377)
At 31 December 1992	-	311	311

The sources of the provision for deferred tax and the amounts for which no provision has been made are as follows:

The Group	Not dealt with in the accounts		Dealt with in the accounts	
	1992	1991	1992	1991
	£000	£000	£000	£000
Capital allowances	-	-	771	1,053
Short term timing differences	-	-	479	410
Chargeable gains deferred by roll-over relief	40	40	-	-
Development expenditure	-	-	-	28
ACT recoverable	-	-	(852)	(580)
Property revaluation	-	-	380	-
Trading losses carried forward	-	-	-	(669)
	40	40	778	242
Company	1992	1991	1992	1991
	£000	£000	£000	£000
Capital allowances	-	-	498	388
Short term timing differences	-	-	479	952
Chargeable gains deferred by roll-over relief	16	16	-	-
ACT recoverable	-	-	(660)	(730)
	16	16	311	610

Notes to the Financial Statements
for the year ended 31 December 1992

(22) CALLED UP SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

	Called up share capital 10p ordinary shares		Share Premium Account
	Number	£000	£000
Issued and fully paid up			
At 1 January 1992	98,034,393	9,803	25,882
Shares issued during the year pursuant to:			
the acquisition of E.Moss Limited	9,790,213	979	16,267
the acquisition of other pharmacies	730,564	73	1,339
the rights issue	24,507,158	2,451	32,670
the scrip issue	243,079	24	507
the loyalty bonus issue	4,217,610	422	(422)
the exercise of share options	24,731	3	17
Adjustment on cancellation of share premium	-	-	(75,530)
At 31 December 1992	137,547,748	13,755	730

The authorised share capital was £18.66 million (186.6 million ten pence ordinary shares) at both the beginning and end of the year.

The shares offered in the rights issue were on the basis of one for four at £1.48 per share. The proceeds of approximately £35.1 million, net of expenses (£1,150,000), have been used to take advantage of opportunities as they have arisen both in pharmaceutical retailing in the U.K. and wholesaling in northern Portugal, and to further the automation and computerisation of the warehouse systems.

The shares offered in the scrip issue were instead of the 1992 interim dividend of 1.9 pence per share. Each share issued under the offer had a cash equivalent value of £2.185.

The shares issued under the loyalty bonus scheme were to those shareholders who had retained on 16 November 1992 the shares originally allotted to them on 2 July 1990. One free bonus share was allotted for every ten shares so held.

Following the passing of the enabling resolution at the annual general meeting held in 1992, on 27 July 1992 the High Court granted the application to cancel the share premium account in the sum of £75,530,266.55.

As a result of the rights issue, approval was obtained from the Inland Revenue to amend the subscription prices for options granted under the Company's share option schemes as agreed with the auditors. Details of the options outstanding at 31 December 1992 are:

	Price	Outstanding	Exercisable between
1990 Savings related scheme	83.12p	2,060,760	1 November 1995 and 30 April 1996
	83.12p	684,782	1 November 1997 and 30 April 1998
	* 168.00p	681,236	1 June 1997 and 30 November 1997
	* 168.00p	165,725	1 June 1999 and 30 November 1999
1990 Executive scheme	93.88p	2,640,000	3 September 1993 and 2 September 2000
	154.72p	170,000	16 May 1994 and 15 May 2001
	* 217.00p	326,202	10 October 1995 and 9 October 2002

* These options were granted in 1992.

The directors are aware of the following shareholdings at 22 March 1993 of 3% or more of the issued ordinary share capital of the Company:

	Number of shares	Percentage of present issued ordinary share capital
Newton Investment Management Limited	8,769,076	6.4%
Gartmore Investment Management Limited	5,060,250	3.7%
Australian Mutual Provident Society	4,671,000	3.4%

Save for these interests, the directors have not been notified that any person is, directly or indirectly, interested in 3% or more of the issued ordinary share capital.

Notes to the Financial Statements
for the year ended 31 December 1992

(23) OTHER RESERVES	Profit and Loss Account	Capital Reserve	Special Reserve	Goodwill
	£000	£000	£000	£000
The Group				
At 1 January 1992	57,041	9	-	(33,260)
Foreign exchange movements	141	-	-	-
Written off to extraordinary item	-	(9)	-	-
Transfer from share premium account	-	-	75,530	-
Goodwill brought forward written off	-	-	(33,260)	33,260
Goodwill acquired and written off during the year	-	-	(31,897)	-
Goodwill previously written off, now realised	174	-	-	-
Retained profit for the year	10,944	-	-	-
At 31 December 1992	68,300	-	10,373	-
Company				
At 1 January 1992	55,735	-	-	(33,260)
Transfer from share premium account	-	-	75,530	-
Goodwill brought forward written off*	-	-	(33,260)	33,260
Goodwill acquired and written off during the year*	-	-	(31,897)	-
Retained profit for the year	9,846	-	-	-
At 31 December 1992	65,581	-	10,373	-

* Includes an amount equal to the underlying goodwill on acquisition which is adjusted against the investment in subsidiaries.

(24) GOODWILL

(a) Portuguese acquisitions

During the year the Group made three acquisitions. Two of these were in April and the third in June. The operations of these companies have been transferred to UniChem Farmaceutica.

The assets acquired and consideration paid during the year were as follows:

Assets acquired	Book Value £000	Provisions £000	Revaluations £000	Fair value £000
Fixed assets	278	-	874	1,152
Current assets	12,296	-	1,990	14,286
Bank overdrafts	(4,023)	-	-	(4,023)
Creditors	(6,367)	(349)	-	(6,716)
Reorganisation costs	-	(1,336)	-	(1,336)
	2,184	(1,685)	2,864	3,363
Consideration paid				
Cash				9,287
Purchased goodwill				5,924

(b) Retail pharmacy acquisitions

During the year the Group made a number of retail pharmacy acquisitions, either by acquiring companies which owned pharmacies or by acquiring pharmacy businesses direct. The acquired goodwill can be analysed as follows:

	£000
Company acquisitions	17,773
Asset acquisitions	8,200
	25,973

Notes to the Financial Statements
for the year ended 31 December 1992

(24) GOODWILL (continued)

The most important acquisition was that of Scott Chemists Limited which is shown together with the other small company acquisitions below. The assets acquired and consideration paid during the year were as follows:

Assets acquired	Book value £000	Provisions £000	Fair value £000
Fixed assets	3,133	(204)	2,929
Stock	2,430	-	2,430
Debtors	2,803	-	2,803
Cash at bank and in hand	236	-	236
Bank overdrafts	(3,287)	-	(3,287)
Creditors	(3,850)	-	(3,850)
Reorganisation costs	-	(385)	(385)
	1,465	(589)	876
Consideration paid			
UniChem PLC 10p ordinary shares			1,215
Other loans			2,900
Cash			14,534
			18,649
Purchased goodwill			17,773

All company acquisitions have been accounted for by the acquisition accounting method. Cumulative goodwill written off to reserves to 31 December 1992, net of that attributable to disposals was £64,983,000, of which £59,059,000 related to pharmacy goodwill.

The directors believe that the right to be reimbursed for dispensing NHS prescriptions, the pharmacy licence which is attached to a particular pharmacy, has a continuing value. Such rights, conferred by the Department of Health as contracts to dispense prescriptions, are not generally granted to new pharmacies in the same locality. It is generally accepted accounting policy that purchased goodwill arising from the acquisition of such licences be eliminated from the accounts immediately on acquisition against reserves. The directors have obtained the approval of the shareholders to cancel the share premium account and establish a special reserve; goodwill is being written off against this reserve.

(25) ANALYSIS OF NET ASSETS

	1992 £000	1991 £000
Wholesale UK	116,620	153,040
Retail UK	39,589	9,714
Wholesale Portugal	10,573	-
Retail pharmacy goodwill	(59,059)	(33,260)
	107,723	129,494

Net assets are shown before net borrowings.

**(26) RECONCILIATION OF OPERATING PROFIT
TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1992 £000	1991 £000
Operating profit	34,132	21,685
Depreciation and (profit)loss on disposal of fixed assets	5,376	4,308
(Increase)decrease in stocks	626	(7,146)
(Increase)decrease in debtors	(4,781)	(28,541)
(Decrease)increase in creditors	(575)	21,165
Net cash inflow from operating activities	34,778	11,471

Notes to the Financial Statements
for the year ended 31 December 1992

(27) MAJOR NON-CASH TRANSACTIONS

(i) During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £2,235,000.

(ii) Part of the purchase consideration for the acquisition of subsidiary undertakings that occurred during the year comprised shares and other loans. Further details of the acquisitions are set out below and in note 24.

(28) PURCHASE AND SALE OF SUBSIDIARY UNDERTAKINGS

(a) Purchase of subsidiary undertakings	£000
Portuguese company acquisitions (note 24a)	13,310
Retail pharmacy company acquisitions (note 24b)	17,585
	<u>30,895</u>

(b) Sale of subsidiary undertaking	£000
Net assets disposed of	
Fixed assets	3,244
Stock	400
Creditors	(834)
Capital Reserve	(9)
	<u>2,801</u>
Loss on disposal	(2,449)
	<u>352</u>
Satisfied by	
Cash	352

(29) ANALYSIS OF THE NET OUTFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE PURCHASE OF SUBSIDIARY UNDERTAKINGS

	£000
Cash consideration	23,821
Cash at bank and in hand acquired	(236)
Bank overdrafts acquired	7,310
Net outflow of cash and cash equivalents in respect of the purchase of subsidiaries	<u>30,895</u>

(30) ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital (including premium) £000	Loans and finance lease obligations £000
At 1 January 1992	35,685	16,193
Cash inflows(outflows) from financing	35,141	(3,685)
Shares issued for non-cash consideration	19,189	-
Adjustment on cancellation of share premium	(75,530)	-
Inception of finance lease contracts	-	2,235
At 31 December 1992	<u>14,485</u>	<u>14,743</u>

Notes to the Financial Statements
for the year ended 31 December 1992

(31) ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR	1992 £000	1991 £000
At 1 January	(1,459)	29,260
Net cash inflow (outflow) before adjustments for the effect of foreign exchange rate changes	2,446	(30,719)
Effect of foreign exchange rate changes	(809)	-
At 31 December	178	(1,459)

(32) ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET	1992 £000	1991 £000	Change in year £000
Cash at bank and in hand	26,462	3,387	23,075
Bank overdraft	(26,284)	(4,846)	(21,438)
	178	(1,459)	1,637

(33) PENSIONS

The Group operates several pension schemes. The total pension cost for the Group was £1,897,000 (1991 £1,475,000). The main scheme is the UniChem PLC Pension and Assurance Scheme which is managed externally by an independent company. The UniChem PLC Pension and Assurance Scheme is a defined benefit scheme.

Pension costs are assessed in accordance with the advice of qualified actuaries using the projected unit method. Actuarial valuations of the UniChem PLC Pension and Assurance Scheme fund are performed periodically, but with at least one every three years. The latest actuarial valuation was made at 1 January 1991, at which time the total market value of assets was £12,490,000. At that date, the actual value of the assets was sufficient to cover 85% of the value of the benefits that had accrued to members after allowing for future increases in earnings. The deficit was eliminated for funding purposes by a lump sum payment of £927,000 at 31 December 1991 and a small increase in contributions from January 1992.

The main assumptions used in applying this method were as follows:

	% per annum
Investment return	9
Increase in salaries	7
Allowance for withdrawals	No allowance

Included in the total pension costs is £255,000 (1991 £255,000) in respect of the spreading of an earlier experience deficit that is being recognised for accounting purposes over the expected remaining services lives of participating employees. Included in debtors is the excess of the cumulative amounts paid over the accumulated pension cost of £1,761,000 (1991 £2,016,000).

(34) OTHER FINANCIAL COMMITMENTS

At 31 December 1992 the Group had the following commitments payable within one year under operating leases expiring:	Land and buildings £000	Other £000
within one year	24	12
between two and five years	249	60
in five years or more	2,210	10
	2,483	82

(35) CONTINGENT LIABILITIES

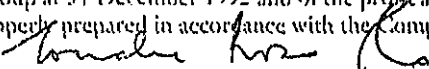
The Company has guaranteed bank loans of £100.5 million (1991 £89.0 million) to third parties for the financing of pharmacy businesses and has given other guarantees on behalf of Group companies of £5,834,000 (1991 £1,719,000).

28-05-93

Report of the Auditors
to the members of Unichem PLC

We have audited the Financial Statements on pages 26 to 42 in accordance with Auditing Standards.

In our opinion the Financial Statements give a true and fair view of the state of affairs of the Company and of the Group at 31 December 1992 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


TOUCHE ROSS & CO.
Chartered Accountants and Registered Auditor
Hill House, 1 Little New Street
London, EC4A 3TR
23 March 1992

Five Year Summary

Consolidated Profit and Loss Accounts - year ended 31 December	1988 £000	1989 £000	1990 £000	1991 £000	1992 £000
Turnover	711,106	783,110	873,349	920,105	1,048,732
Cost of sales	(670,564)	(737,256)	(821,877)	(862,359)	(964,512)
Gross profit	40,542	45,854	51,472	57,746	84,220
Administrative expenses	(28,624)	(32,160)	(33,953)	(38,634)	(58,403)
Other operating income	11,918	13,694	17,519	19,112	25,817
	1,708	1,800	1,787	2,573	8,315
Operating profit	13,626	15,494	19,306	21,685	34,132
Net share of results of associated undertakings	(412)	(28)	(145)	-	-
Interest receivable	388	1,512	980	2,016	1,329
Interest payable	(2,228)	(2,520)	(3,791)	(2,304)	(3,588)
Profit on ordinary activities before taxation	11,374	14,458	16,350	21,397	31,873
Tax on profit on ordinary activities	(4,169)	(5,098)	(5,735)	(7,056)	(10,795)
Profit on ordinary activities after taxation	7,205	9,360	10,615	14,341	21,078
Extraordinary items	(770)	(418)	-	(1,025)	(2,449)
Profit after taxation and extraordinary items	6,435	8,942	10,615	13,316	18,629
EPS fully diluted	n/a	11.2p	12.2p	13.3p	15.1p
Consolidated Balance Sheets - 31 December	1988 £000	1989 £000	1990 £000	1991 £000	1992 £000
Fixed assets					
Intangible assets	-	-	91	84	-
Tangible assets	15,477	19,471	24,852	31,951	33,809
Investments	445	761	-	4,239	5,088
	15,922	20,232	24,943	36,274	38,897
Current assets					
Stocks	59,899	63,791	62,312	75,983	81,881
Debtors	93,012	103,570	107,955	144,093	163,497
Amount due from rights issue	-	-	-	35,121	-
Cash at bank and in hand	1,449	4,193	29,260	3,387	26,462
	154,360	171,554	199,527	258,584	271,840
Creditors: amounts falling due within one year	(115,112)	(127,215)	(121,744)	(168,228)	(202,322)
Net current assets	39,248	44,339	77,783	90,356	69,518
Total assets less current liabilities	55,170	64,571	102,726	126,630	108,415
Creditors: amounts falling due after more than one year	(15,276)	(18,339)	(21,139)	(13,598)	(12,888)
Provisions for liabilities and charges	(4,228)	(471)	(596)	(1,190)	(2,369)
	35,666	45,761	80,991	111,842	93,158
Capital and reserves					
Called up share capital	2,702	4,768	9,423	9,803	13,755
Share premium account	-	-	21,784	25,882	730
Shares to be issued	-	-	-	52,367	-
Special reserve	-	-	-	-	10,373
Other reserves	32,964	40,993	49,784	57,050	68,300
Goodwill	-	-	-	(33,260)	-
	35,666	45,761	80,991	111,842	93,158

1993 Financial Calendar

23 March	1992 final profit and proposed final dividend announced
11 May	Annual general meeting
1 July	1992 final dividend paid to shareholders registered on 7 May 1993
22 September	1993 half year profit and interim dividend announced
31 December	1993 interim dividend paid to shareholders registered on 5 November 1993.

Shareline

For UniChem's "real-time" share price phone 0898 500504. In addition to the share price the commentary will supply you with a stock market summary. Calls are charged at 36 pence per minute cheap rate and 48 pence at all other times.

Capital Gains Tax

Prior to 2 July 1990 UniChem shares were those of an Industrial and Provident Society and by virtue of Section 111(b) of the Taxation of Chargeable Gains Act 1992 (as derived from Section 113(1) of the Finance Act 1988) the capital gains tax indexation provisions do not apply to those shares. UniChem has been advised that the conversion from an Industrial and Provident Society to a Public Company limited by shares is regarded by the Inland Revenue as a reorganisation of UniChem's share capital.

UniChem Corporate PEPs

UniChem offers two personal equity plans (PEPs) to individuals holding or wishing to hold shares in the company. The UniChem Single Company PEP and the UniChem General PEP offer tax advantages and administrative convenience. Godwins Limited have been appointed as a plan manager of the UniChem PEPs and an explanatory booklet may be obtained from them by phoning 0252 544484.

Notice of the Annual General Meeting

Notice is hereby given that the third annual general meeting of UniChem PLC will be held at UniChem House, Cox Lane, Chessington, Surrey on Tuesday 11 May 1993 starting at 10.00 a.m. for the following purposes:

Ordinary Business

1. To receive the reports of the directors and auditors and the audited Financial Statements for the year ended 31 December 1992.

2. To declare a final dividend on the ordinary shares.

To re-elect as directors those retiring by rotation under the Articles of Association of the company:

3. Lord Rippon

4. Mr. W.H. Hart

5. To elect Mr. B.M. Andrews as a director having been appointed since the last annual general meeting.

6. To re-appoint Touche Ross & Co., Chartered Accountants, as auditors of the company and to authorise that their remuneration be fixed by the audit committee of the directors.

7. To consider and if thought fit pass the ordinary resolution that in substitution for the authority given at the last annual general meeting the directors be and are hereby generally and unconditionally authorised for the purpose of Section 80 of the Companies Act 1985 to exercise at any time or times during the period from the passing of this resolution until the conclusion of the annual general meeting of the company to be held in 1998 or, if earlier, 11 May 1998, any power of the company to allot relevant securities of the company up to an aggregate nominal value of £4,865,059 and the directors may, after that period, allot any relevant securities in pursuance of an offer or agreement made by the company within that period.

8. To consider and if thought fit pass the special resolution that the directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 during the period from the passing of this resolution until the conclusion of the annual general meeting of the company to be held in 1994 or, if earlier, 11 August 1994, to allot equity securities (within the meaning of Section 94 of the Companies Act 1985) for cash pursuant to the authority conferred on the directors as if sub-section (1) of Section 89 of the Companies Act 1985 did not apply to such an allotment, provided that this power shall be limited:

(a) to the allotment of equity securities in connection with a rights issue in favour of all holders of relevant equity securities where the equity securities respectively attributable to the interests of all holders of relevant equity securities are proportionate (as nearly as may be) to the respective numbers of relevant equity securities held by them but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of or the requirements of any recognised regulatory body of any jurisdiction; and

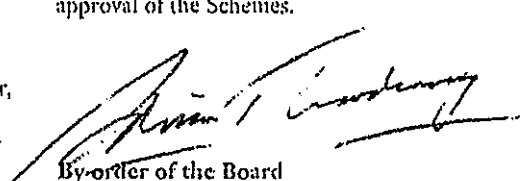
(b) to the allotment (otherwise than pursuant to paragraph (a) above), of equity securities up to an aggregate maximum nominal value of £689,747

save that the directors may, after that period, allot any equity securities in pursuance of an offer or agreement made by the company within the period.

Special Business

9. To consider and if thought fit pass the ordinary resolution that the directors be and are hereby given authority to offer to ordinary shareholders the right to receive an allotment of additional ordinary shares credited as fully paid instead of cash in respect of any dividend (or any part thereof) proposed to be paid or declared on or at any time after the date of this meeting and prior to the conclusion of the annual general meeting to be held in 1994.

10. To consider and if thought fit pass the ordinary resolution that, subject to and conditional upon the approval of the Inland Revenue, the directors be and are hereby authorised to amend the rules of the UniChem Savings Related Share Option Scheme 1990 and the UniChem Executive Share Option Scheme 1990 ("the Schemes") as shown in the drafts of the rules (as amended) which have been produced to the meeting and initialled for the purposes of identification by the Chairman, and that the directors be authorised to take all such steps as may be necessary to implement those amendments, including the making of any further amendments necessary to maintain Inland Revenue approval of the Schemes.


By order of the Board
A.J. Goodenough
Company Secretary
16 April 1993

Your attention is drawn to the following notes to this notice.

Notes to the Notice of the Annual General Meeting

As a shareholder you have the right to attend, speak and vote at the forthcoming annual general meeting or at any adjournment(s) thereof. In order to exercise all or any of these rights you should read the following notes:

1. A shareholder which is a COMPANY (a "corporation") and which wishes to be represented at the meeting by a person with authority to speak, vote on a show of hands and vote on a poll (a "corporate representative") must submit a form of resolution. A corporate representative has the same powers on behalf of the corporation he/she represents as that corporation could exercise if it were an individual member of the company.

2. Any member of the company entitled to attend and vote at this meeting is entitled to appoint a PROXY or proxies to attend and, on a poll, to vote instead of him/her. A proxy need not be a member of the company and the appointment of a proxy will not preclude a member from attending and voting at the meeting. A corporation may execute a form of proxy either under seal or under the hand of their corporate representative (see note 1 above).

3. In the case of JOINT shareholders the vote of the senior who renders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

4. Each resolution shall be decided on a show of hands unless a poll is demanded in accordance with the provisions of the Articles of Association of the company. Items 2 to 7, 9 and 10 are proposed as ordinary resolutions which shall be decided by a majority of the votes cast while item 8 is proposed as a special resolution which shall be decided by a majority of at least three-quarters of the votes cast.

5. Your attention is drawn to the Notes on the Business of the Annual General Meeting.

6. All service contracts between the company and the directors and the rules of the employee share option schemes will be available for inspection at the registered office during business hours on any weekday (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the annual general meeting.

7. The register of interest of directors in the share capital of the company will be open for inspection during the annual general meeting.

Notes on the Business of the Annual General Meeting

Items 1 to 6 in the notice of meeting are routine business of an annual general meeting.

Item 2

Details of the dividend being recommended by the directors are shown on page 24.

Items 3 to 5

Biographical notes on all of the directors are on page 20. Details of the directors' service contracts are in note 7 to the Financial Statements.

Item 6

Touche Ross & Co. have expressed their willingness to continue as auditors to the company and this resolution is to reappoint them.

In addition the directors propose items 7 and 8 as ordinary business and items 9 and 10 as special business. The explanations for these resolutions are set out below.

Item 7

Under a resolution passed at the last annual general meeting the directors have the power to allot the unissued shares of the company until the 1997 annual general meeting. The directors have decided to seek your approval to replace these authorities with a new power that lasts for five years, the maximum period allowed under the Companies Act. The aggregate nominal value of shares that may be allotted under this authority is limited to £4,865,059 (being the nominal value of the unissued ordinary share capital at 22 March 1993). It is the directors' current intention to seek similar authority at each subsequent annual general meeting so that the period of authority is continually rolled forward.

Item 8

If shares are allotted using the authority the directors have and such shares are to be paid for in cash, the Companies Acts require that those shares are offered first to existing shareholders pro rata to the number of ordinary shares that they hold at that time unless the shareholders have waived these pre-emption rights. The directors have decided to seek your consent to waive your rights so that if circumstances are such that it is in the interest of the company for the directors to make an allotment of shares without your pre-emption they have authority to do so. In order to protect your investment, however, this authority is limited to the aggregate nominal value of £689,747 (being 5% of the nominal value of the issued ordinary share capital at 22 March 1993).

Item 9

The directors have decided to seek your approval so that at their discretion they may offer to you the option to take ordinary shares in the company instead of any cash dividend payment that may be proposed or declared. Under the Articles of Association of the company the directors are required to capitalise a sum equal to the aggregate nominal amount of any additional ordinary shares allotted under this authority out of any amount standing to the credit of any capital reserve or fund (including the share premium account, any capital reserve and the profit and loss account) or otherwise available for distribution as the directors may determine.

Item 10

Under the current rules of the two UniChem Share Option Schemes options when exercised must be satisfied by the issuing of new shares. It is possible, however, to satisfy this demand by the transfer of existing shares and the directors now propose to make a number of amendments to the Schemes in order to take advantage of this.

The directors also propose that those employees of an employing company which ceases to be a member of the UniChem Group by reason of share sale will be added to those categories where options may be exercised before the normal exercise date.

Under the rules of both schemes, limits are placed on the number of ordinary shares in UniChem over which options may be granted. In view of the increase in the company's issued share capital since the limits were last increased, the directors further propose to adjust these specified limits in order to take account of this increase.

Advisers

to UniChem PLC

Merchant Bankers

UBS Phillips & Drew
Securities Limited
100 Liverpool Street
London EC2M 2RH

**Barclays de Zoete Wedd
Limited**

Ebbgate House
2 Swan Lane
London EC4R 3TS

Bankers

National Westminster
Bank PLC
21 Lombard Street
London EC3P 3AR

Barclays Bank PLC

Heathrow Business Centre
Cardinal Point
Newall Road
Heathrow Airport
Hounslow TW6 2AH

Auditors

Touche Ross & Co.
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

Stockbrokers

UBS Phillips & Drew
Securities Limited
100 Liverpool Street
London EC2M 2RH

de Zoete & Bevan Limited

Ebbgate House
2 Swan Lane
London EC4R 3TS

Solicitors

Slaughter & May
35 Basinghall Street
London EC2V 5DB

Rakisons

27 Chancery Lane
London WC2A 1NF

Registrars

Lloyds Bank PLC
Registrars Department
The Causeway
Worthing
West Sussex BN99 6DA

Registered Office

UniChem PLC
UniChem House
Cox Lane
Chessington
Surrey KT9 1SN

Tel. 081 391 2323

Fax. 081 974 1707