

Company Registration No. 02517178

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

Report and Financial Statements

31 March 2007

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ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

REPORT AND FINANCIAL STATEMENTS 2007

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ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P Scaroni	(resigned 31 July 2006)
S Pessina	
I K Meakins	(resigned 28 July 2006)
O Barra	
S W Duncan	
G R Fairweather	

NON-EXECUTIVE DIRECTORS

K Clarke	(resigned 31 July 2006)
N Cross	(resigned 31 July 2006)
A Loader	(resigned 31 July 2006)
P Ponsolle	(resigned 31 July 2006)
M Stach	(resigned 31 July 2006)
E Jornod	(resigned 31 July 2006)

SECRETARY

M Pagni

REGISTERED OFFICE

2 The Heights
Brooklands
Weybridge
Surrey
KT13 0NY

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the fifteen month period ended 31 March 2007

PRINCIPAL ACTIVITY

The Company is a holding company within the Alliance Boots plc group

RE-REGISTRATION AS A PRIVATE COMPANY

Subsequent to the year end, on 30 July 2007, the Company re-registered as a private company and changed its name to Alliance UniChem Limited

CHANGE OF ACCOUNTING REFERENCE DATE

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

BUSINESS REVIEW AND FUTURE PROSPECTS

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

The results for the period are set out in detail on page 6 Reorganisation costs were incurred and have been included in the results for the period in connection with the merger between Alliance UniChem Plc and Boots Group PLC The retained loss for the period is £89.7 million (2005 year ended 31 December 2005 profit £74.8 million)

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

DIVIDENDS

The Directors declared and paid a final dividend for 2005 of £48.4 million on 10 May 2006 and a special dividend of £47.9 million on 2 October 2006 during the fifteen month period ended 31 March 2007 (year ended 31 December 2005 £68.4 million)

DIRECTORS AND THEIR INTERESTS

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

P Scaroni	(resigned 31 July 2006)
S Pessina	
I K Meakins	(resigned 28 July 2006)
O Barra	
S W Duncan	
G R Fairweather	
K Clarke	(resigned 31 July 2006)
N Cross	(resigned 31 July 2006)
A Loader	(resigned 31 July 2006)
P Ponsolle	(resigned 31 July 2006)
M Stach	(resigned 31 July 2006)
E Jornod	(resigned 31 July 2006)

None of the Directors held any shares in the Company Directors' interests in other group companies are disclosed in the group financial statements of Alliance Boots plc

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

FINANCIAL RISKS

The Directors have considered the risks attached to the Company's financial instruments which principally comprise loans to and from other group companies. The Directors have taken a prudent approach in their consideration of the various risks attached to the financial instruments of the Company. The Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements. The Directors' policy on hedging is to hedge all financial risks where it is feasible and cost effective to do so.

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

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



M Pagni

Company Secretary

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing their report and financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALLIANCE UNICHEM LIMITED (formerly Alliance UniChem Plc)

We have audited the financial statements of Alliance UniChem Limited for the period ended 31 March 2007 which comprise the profit and loss account, the statement of total recognized gains and losses, the balance sheet and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of Directors and auditors

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

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

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

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

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

11 September 2007

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

PROFIT AND LOSS ACCOUNT
Period ended 31 March 2007

		15 month period ended 31 March 2007 £m	Year ended 31 December 2005 £m
	Notes		
Other operating expenses		(7 1)	(14 1)
Exceptional items	2	(17 2)	(3 0)
OPERATING LOSS	3	(24 3)	(17 1)
Income from shares in group undertakings		-	125 0
Income from participating interests	4	4 4	5 8
Interest receivable and similar income	5	62 1	61 9
Interest payable and similar charges	6	(28 3)	(29 4)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		13 9	146 2
Tax on profit on ordinary activities	7	(7 3)	(3 0)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		6 6	143 2
Dividends paid	8	(96 3)	(68 4)
RETAINED (LOSS) / PROFIT FOR THE PERIOD/YEAR TRANSFERRED FROM/TO RESERVES	18	(89 7)	74 8

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

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Period ended 31 March 2007

	15 month period ended 31 March 2007 £m	Year ended 31 December 2005 £m
Profit on ordinary activities after taxation	6 6	143 2
Net disposals / (additions) in employee share trusts	4 1	(30 5)
Available-for-sale investments – gains on revaluation deferred in equity	12 3	-
Provision for intercompany guarantees	(1 7)	-
Total gains and losses relating to the period	3 3	112 7

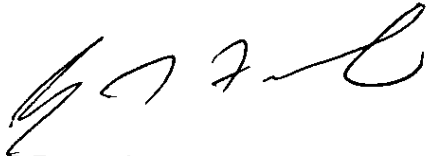
ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

BALANCE SHEET
31 March 2007

	Notes	31 March 2007 £m	31 December 2005 £m
FIXED ASSETS			
Tangible assets	9	0.3	0.4
Investments	10	1,260.5	1,380.4
		<u>1,260.8</u>	<u>1,380.8</u>
CURRENT ASSETS			
Debtors	11	16.8	22.9
Cash at bank and in hand	12	0.2	1.9
		<u>17.0</u>	<u>24.8</u>
CREDITORS: amounts falling due within one year			
Borrowings	12	(30.9)	(30.1)
Other creditors	14	(19.9)	(47.3)
		<u>(50.8)</u>	<u>(77.4)</u>
NET CURRENT LIABILITIES		(33.8)	(52.6)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,227.0	1,328.2
CREDITORS: amounts falling due after more than one year			
Borrowings	12	(376.4)	(460.2)
Other creditors	14	(118.9)	(83.4)
		<u>731.7</u>	<u>784.6</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	15	36.2	36.2
Share premium	16	509.4	509.4
Employee share trusts	17	-	(45.1)
Retained earnings	18	173.8	284.1
Available-for-sale reserve		12.3	-
		<u>731.7</u>	<u>784.6</u>
SHAREHOLDER'S FUNDS			

These financial statements were approved by the Board of Directors on 11 September 2007

Signed on behalf of the Board of Directors


G R Fairweather
Director

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

NOTES TO THE ACCOUNTS
Period ended 31 March 2007

1. ACCOUNTING POLICIES

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

Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention in accordance with generally accepted accounting principles and applicable United Kingdom accounting standards.

Tangible assets

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

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

Investments

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

Currency translation

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

Derivative financial instruments

Derivative financial instruments utilised by the Company include interest rate swaps, foreign currency swaps, interest rate caps and forward exchange contracts. These derivative financial instruments are used to manage the foreign currency and interest rate risk of the Company's and the Alliance Boots plc group borrowings and investments.

Derivative financial instruments are designated as hedges in line with the Alliance Boots plc group's risk management policies. Derivatives are measured at fair value. The accounting treatment in the Company is determined by the type of hedge relationship adopted. Currently the only derivative financial instruments which are designated as within a hedge relationship for the Company are fair value hedges. Gains and losses on these derivative instruments are recognised in the income statement and the carrying value of the hedged item is adjusted to reflect movements associated with the hedged risks where the relationship is assessed to be effective. Where there is hedge accounting ineffectiveness the gain or loss on the derivative is recognised immediately in the profit and loss account and the underlying hedged item is recognised at amortised cost with no adjustment to the carrying value permitted.

Those derivatives which are not designated as hedges are classified as held-for-trading and gains and losses on the derivative financial instrument are recognised immediately in the profit and loss account.

Loans held by the Company are measured at amortised cost except where the underlying transaction is designated within an effective fair value hedge relationship. In these cases the carrying value is adjusted to reflect movements associated with the hedged risks.

· ALLIANCE UNICHEM LIMITED
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NOTES TO THE ACCOUNTS
Period ended 31 March 2007

1 ACCOUNTING POLICIES (continued)

Current and deferred taxation

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

Cash flow statement

At 31 March 2007, the Company was ultimately wholly owned by Alliance Boots plc and the cash flows of the Company are included in the consolidated group cash flow statement of Alliance Boots plc. Consequently, the Company is exempt under the terms of Financial Reporting Standard 1 from publishing a cash flow statement.

Consolidation

The Company has taken advantage of the exemption granted under S228 Companies Act 1985 not to prepare consolidated accounts, as the Company's results and balances are included within the consolidated financial statements of Alliance Boots plc, the Company's ultimate parent company at 31 March 2007. Accordingly the Company's financial statements present information about it as an individual undertaking and not about it as a group.

• **ALLIANCE UNICHEM LIMITED**
(formerly Alliance UniChem Plc)

NOTES TO THE ACCOUNTS
Period ended 31 March 2007

2. EXCEPTIONAL ITEMS

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

3. OPERATING LOSS

A fee of £100,000 (year ended 31 December 2005 £100,000) was paid to the auditors in respect of audit fees by another group Company

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

4. INCOME FROM PARTICIPATING INTERESTS

	15 month period ended 31 March 2007 £m	Year ended 31 December 2005 £m
Dividends received from associated undertakings	4.4	5.8

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	15 month period ended 31 March 2007 £m	Year ended 31 December 2005 £m
Interest receivable from group undertakings	62.1	61.9

6. INTEREST PAYABLE AND SIMILAR CHARGES

	15 month period ended 31 March 2007 £m	Year ended 31 December 2005 £m
Interest payable to group undertakings	0.3	11.6
Other interest payable	28.0	17.8
	28.3	29.4

• **ALLIANCE UNICHEM LIMITED**
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NOTES TO THE ACCOUNTS
Period ended 31 March 2007

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	15 month period ended 31 March 2007 £m	Year ended 31 December 2005 £m
United Kingdom corporation tax at 30% (2005 30%)	8.1	2.0
Overseas taxation	0.4	0.5
Double taxation relief	(1.7)	-
Current taxation	6.8	2.5
Prior year adjustments	-	(2.2)
Deferred tax	0.5	2.7
	<u>7.3</u>	<u>3.0</u>

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

	15 month period ended 31 March 2007 £m	Year ended 31 December 2005 £m
Profit on ordinary activities before taxation	<u>13.9</u>	<u>146.2</u>
Tax charge at standard rate	4.2	43.8
Non-taxable gains and losses on exceptional items	-	0.6
Other non-taxable income	(0.3)	(0.5)
Dividends from UK companies, not taxable	-	(37.5)
Impact of overseas taxation	(1.3)	(1.2)
Prior year adjustments	-	(2.2)
Non-deductible expenditure	4.7	-
Timing differences	(0.9)	(2.7)
Current tax for the period	<u>6.8</u>	<u>0.3</u>

• **ALLIANCE UNICHEM LIMITED**
(formerly Alliance UniChem Plc)

NOTES TO THE ACCOUNTS
Period ended 31 March 2007

8. DIVIDENDS PAID

	15 month period ended 31 March 2007 £m	Year ended 31 December 2005 £m
Equity dividends on ordinary shares		
Interim dividend paid – 13 6p per share (2005 6 90p per share)	-	24 9
Final dividend paid – 13 60p per share (2005 12 25p per share)	48 4	43 5
Special dividend – 13 25p per share (2005 nil per share)	47 9	-
	<u>96 3</u>	<u>68 4</u>

9. TANGIBLE ASSETS

The tangible assets of the Company, which are in relation to short leasehold land and buildings, are included in the balance sheet at a cost of £0 6 million (2005 £0 6 million) and cumulative depreciation of £0 3 million (2005 £0 2 million). There were no additions or disposals during the period.

10. INVESTMENTS

	Available- for-sale investments £m	Shares in group undertakings £m	Loans to group undertakings £m	Shares in associated undertakings £m	Total £m
At 1 January 2006	-	200 0	1,137 2	43 2	1,380 4
Additions	26 4	-	-	-	26 4
Change in fair value	12 3	-	-	-	12 3
Disposals	(4 3)	-	-	-	(4 3)
Loans repaid	-	-	(142 7)	-	(142 7)
Currency translation differences	-	-	(11 6)	-	(11 6)
At 31 March 2007	<u>34 4</u>	<u>200 0</u>	<u>982 9</u>	<u>43 2</u>	<u>1,260 5</u>

The available-for-sale investment represents shares in the Alliance Boots plc, which was the Company's immediate parent company at 31 March 2007. These shares are intended to be used to settle share based payments obligations of other group companies.

These shares were originally the Company's investment in its own shares, and these converted to Alliance Boots plc shares on the acquisition of the Company by Alliance Boots plc. Prior to the acquisition, this investment was classified within Employee Share Trusts within reserves.

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

NOTES TO THE ACCOUNTS
Period ended 31 March 2007

10. INVESTMENTS (CONTINUED)

Subsidiary Undertakings

The principal subsidiary undertakings of Alliance UniChem Limited (formerly Alliance UniChem Plc), all of which were indirectly held, were

	Interest in ordinary share capital and voting rights	Country of operation	Country of incorporation	Main activity
Alleanza Salute Italia SpA	100	Italy	Italy	Pharmaceutical wholesaler and holding company
Alliance Healthcare - Répartition S A S	99.9	France	France	Pharmaceutical wholesaler
Alliance Healthcare Spo	97.1	Czech Republic	Czech Republic	Pharmaceutical wholesaler
Alliance UniChem Norge A S	100	Norway	Norway	Retail pharmacy operator
Apteka Holding ZAO	96	Russia	Russia	Pharmaceutical wholesaler
De Vier Vijzels B V	100	The Netherlands	The Netherlands	Retail pharmacy operator
E Moss Limited	100	UK	England and Wales	Retail pharmacy operator
Holtung A S	100	Norway	Norway	Pharmaceutical wholesaler
Interpharm B V	100	The Netherlands	The Netherlands	Pharmaceutical wholesaler
Safa Galenica S A	99.2	Spain	Spain	Pharmaceutical wholesaler
UniChem Limited	100	UK	England and Wales	Pharmaceutical wholesaler

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

Associate Undertakings

The principal associated undertakings of Alliance UniChem Limited (formerly Alliance UniChem Plc) all of which, with the exception of 25% of the interest in Hedef Alliance Holding A S, were indirectly held were

Company	Percentage interest in ordinary share capital and voting rights	Country of operation	Country of incorporation	Main activity
Alliance Healthcare S A	49	Portugal	Portugal	Pharmaceutical wholesaler
Andreae-Noris Zahn AG	29.99	Germany	Germany	Pharmaceutical wholesaler
Galenica A G ⁽¹⁾	25.5	Switzerland	Switzerland	Pharmaceutical wholesaler
Hedef Alliance Holding A S	50	Turkey	Turkey	Pharmaceutical wholesaler
Pharmapartners B V	40	The Netherlands	The Netherlands	Pharmaceutical software
UniDrug Distribution Group Limited	50	UK	England and Wales	Pre-wholesaler
Unifarma Distribuzione S r l	36	Italy	Italy	Pharmaceutical wholesaler

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

ALLIANCE UNICHEM LIMITED
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NOTES TO THE ACCOUNTS
Period ended 31 March 2007

11 DEBTORS

	31 March 2007 £m	31 December 2005 £m
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	7 9	11 3
Other debtors and accrued income	1 1	1 9
Corporation tax recoverable	-	0 8
Deferred tax	3 1	3 6
Derivative financial instruments (see note 13)	1 8	1 9
	<u>13 9</u>	<u>19 5</u>
 Amounts falling due after more than one year		
Derivative financial instruments (see note 13)	2 9	3 4
	<u>16 8</u>	<u>22 9</u>

The deferred tax asset relates to movements in the fair values of derivative financial instruments and the carrying value of borrowings held by the Group which are designated within an effective fair value hedge relationship as shown below

	31 March 2007 £m	31 December 2005 £m
At 1 January 2006	3 6	6 3
Current period (charge)/credit	(0 5)	(2 7)
	<u>3 1</u>	<u>3 6</u>
 Deferred tax on fair values of derivative financial instruments	<u>3 1</u>	<u>3 6</u>

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

NOTES TO THE ACCOUNTS
Period ended 31 March 2007

12. NET BORROWINGS

	31 March 2007 £m	31 December 2005 £m
Amounts falling due within one year		
2008 Senior notes 6.63% (US\$57 million)	29.3	-
Bank overdrafts	0.2	28.2
Loan notes	1.4	1.9
	<u>30.9</u>	<u>30.1</u>
Amounts falling due between one and two years		
2008 Senior notes 6.63% (US\$57 million)	-	33.8
2009 Senior notes 6.67% (US\$113 million)	58.2	67.3
	<u>58.2</u>	<u>101.1</u>
Amounts falling due between two and five years		
2011 Senior notes 6.55% (US\$173 million)	89.1	102.6
2011 Senior notes 6.07% (€30 million)	20.5	21.8
2012 Senior notes 7.19% (US\$300 million)	158.3	183.2
	<u>267.9</u>	<u>307.6</u>
Amounts falling due after five years		
2017 Senior notes 7.01% (£50 million)	<u>50.3</u>	<u>51.5</u>
Borrowings	407.3	490.3
Cash at bank and in hand	<u>(0.2)</u>	<u>(1.9)</u>
	<u>407.1</u>	<u>488.4</u>

Loan notes totalling £1.4 million (2005: £1.9 million) classified within current borrowings can be redeemed by the holders giving one month's notice before an interest payment date. However, if no notice is given, these notes will fall due at their maturity dates, which are between 2008 and 2014.

ALLIANCE UNICHEM LIMITED
(formerly Alliance UniChem Plc)

NOTES TO THE ACCOUNTS
Period ended 31 March 2007

13 DERIVATIVE FINANCIAL INSTRUMENTS

The Company's funding, liquidity and exposure to interest rate and foreign exchange risks are managed within a framework of policies and guidelines authorised by the Board of Directors. In accordance with these policies financial derivative instruments are used to manage interest rate and currency exposure.

The Company has used hedge accounting in respect of cash flow hedges, to the extent that they qualify for hedge accounting. Gains on those cash flow hedges which qualify for hedge accounting are recognised within equity.

The fair value hedges are in respect of the fixed rate US private placement US \$ debt. The purpose of the hedging instruments is to swap the interest and currency payable of the debt from US \$ at a fixed interest rate to sterling at a floating interest rate, thereby hedging both interest rate risk and currency rate risk.

Net investment hedges are held in respect of the Group's overseas net assets and the purpose of the hedge is to reduce exposure to currency risk. The hedge items are translated at the closing rate, with foreign exchange movements between opening and closing net assets being taken to reserves.

Those derivatives which are not designated as hedges are classified as held-for-trading and gains and losses on the derivative financial instruments are recognised immediately in the profit and loss account.

At 31 March 2007 the fair value of the derivative financial instruments taken out by the Company to manage financial risk was as follows:

	31 March 2007		31 December 2005	
	Assets	Liabilities	Assets	Liabilities
	£m	£m	£m	£m
Amounts falling due within one year				
Cash flow hedges	0.9	-	-	-
Fair value hedge derivatives	-	(5.6)	-	-
Net investment hedges	0.7	-	-	-
Held-for-trading derivatives	0.2	-	1.9	(11.5)
	<u>1.8</u>	<u>(5.6)</u>	<u>1.9</u>	<u>(11.5)</u>
Amounts falling due after more than one year				
Fair value hedge derivatives	0.4	(95.1)	2.8	(48.1)
Net investment hedges	2.5	(22.9)	0.6	(35.3)
	<u>2.9</u>	<u>(118.0)</u>	<u>3.4</u>	<u>(83.4)</u>

14. OTHER CREDITORS

	31 March 2007 £m	31 December 2005 £m
Amounts falling due within one year		
Amounts owed to subsidiary undertakings	-	26.7
Other creditors	4.2	4.4
Accruals and deferred income	6.6	4.7
Corporation tax	3.5	-
Derivative financial instruments (see note 13)	5.6	11.5
	<u>19.9</u>	<u>47.3</u>
Amounts falling due after more than one year		
Derivative financial instruments (see note 13)	118.0	83.4
Other creditors	0.9	-
	<u>118.9</u>	<u>83.4</u>

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NOTES TO THE ACCOUNTS
Period ended 31 March 2007

15. CALLED UP SHARE CAPITAL

	31 March 2007 Number	31 March 2007 £m	31 December 2005 Number	31 December 2005 £m
Authorised:				
Ordinary shares of 10p each	432 9	43 3	432 9	43 3
Called up, issued and fully paid up:				
Ordinary shares of 10p each				
At beginning of period	361 7	36 2	358 2	35 8
Shares issued during the period	-	-	3 5	0 4
At end of period	361 7	36 2	361 7	36 2

Details of outstanding options over ordinary shares at 31 March 2007 were

Year of grant	Exercise Price Pence	Outstanding 31 March 2007 Number	Outstanding 31 December 2005 Number	Normally exercisable from
1990 Savings related scheme				
1998	324 00	-	2,645	01 08 2005 to 31 01 2006
1999	384 00	-	40,024	01 07 2006 to 31 12 2006
2000	291 00	-	7,575	03 07 2005 to 02 01 2006
2000	291 00	-	105,168	03 07 2007 to 02 01 2008
2001	463 00	-	160,345	01 07 2006 to 31 12 2006
2001	463 00	-	31,966	01 07 2008 to 31 12 2008
2002	480 00	-	11,537	01 07 2005 to 31 12 2005
2002	480 00	-	169,597	01 07 2007 to 31 12 2007
2002	480 00	-	42,096	01 07 2009 to 31 12 2009
2003	337 00	-	671,830	01 07 2006 to 31 12 2006
2003	337 00	-	445,739	01 07 2008 to 31 12 2008
2003	337 00	-	63,186	01 07 2010 to 31 12 2010
2004	440 00	-	408,903	01 07 2007 to 31 12 2007
2004	440 00	-	218,134	01 07 2009 to 31 12 2009
2004	440 00	-	65,392	01 07 2011 to 31 12 2011
2005	589 47	-	403,652	01 07 2008 to 31 12 2008
2005	589 47	-	191,816	01 07 2010 to 31 12 2010
2005	589 47	-	44,732	01 07 2012 to 31 12 2012
		-	3,084,337	
1997 Discretionary scheme				
1999	442 00	-	68,000	14 05 2002 to 13 05 2006
2000	379 00	-	126,400	23 03 2003 to 22 03 2007
2001	592 00	-	382,000	06 04 2004 to 05 04 2008
2002	609 00	-	685,000	09 04 2005 to 08 04 2009
2003	489 00	-	1,797,000	21 05 2006 to 20 05 2013
2004	556 00	-	1,771,295	19 03 2007 to 18 03 2014
2005	810 50	-	1,525,945	06 05 2008 to 05 05 2015
2005	818 20	-	147,090	19 05 2008 to 18 05 2015
2005	759 17	-	27,500	26 10 2008 to 25 10 2015
		-	6,530,230	
1998 Long-term incentive scheme				
2005	0 0001	-	8,889	26 10 2005 to 25 04 2006
2005	0 0001	-	38,202	16 05 2005 to 15 05 2006
		-	47,091	
I K Meakins share incentive plan				
2004	0 0001	-	119,946	01 12 2005 to 01 12 2014
		-	119,946	

ALLIANCE UNICHEM LIMITED
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NOTES TO THE ACCOUNTS
Period ended 31 March 2007

16. SHARE PREMIUM

	31 March 2007 £m	31 December 2005 £m
At beginning of period	509 4	485 7
Shares issued during the period	-	23 7
At end of period	<u>509 4</u>	<u>509 4</u>

17. EMPLOYEE SHARE TRUSTS

	31 March 2007 £m	31 December 2005 £m
At beginning of period	45 1	13 1
Additions	34 8	40 5
Disposals	(53 5)	(8 5)
Reclassified as available-for-sale investments	(26 4)	-
At end of period	<u>-</u>	<u>45 1</u>

At the beginning of the period, the carrying amount of employee share trusts comprised the Company's investment in its own shares. On the acquisition of the Company by Alliance Boots plc, these shares converted to Alliance Boots plc shares, and accordingly the investment was reclassified as available-for-sale investments.

18. RETAINED EARNINGS

	£m
At 1 January 2006	284 1
Provision for intercompany guarantees	(1 7)
Loss on sale of own shares	(17 1)
Retained loss	(89 7)
At 31 March 2007	<u>173 8</u>

The Employee Share Trust reserve arises in connection with the Employee Share Ownership Plan ("ESOP") trust, a discretionary trust established to facilitate the operations of the Company's long term incentive plans for senior management. The amount of the reserve represents the deduction of shareholders' funds for the consideration paid by the Company's shares purchased by the Trust which had not vested unconditionally in employees at the balance sheet date.

19. RELATED PARTY TRANSACTIONS

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

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NOTES TO THE ACCOUNTS
Period ended 31 March 2007

20. CONTINGENT LIABILITIES

The Company has entered into an arrangement with its bank under which its current account balances are netted on a daily basis with those of the other participating group companies for the purpose of charging or crediting interest. Under this arrangement, each participating company agrees that it is jointly and severally liable to the bank, with each other participating company, for the aggregate overdraft balances on current accounts of all participating companies. Each of the participating companies' liability is limited to the amount of any positive cash balance it has in its current accounts with the bank on the day netting takes place. At 31 March 2007, the Company was contingently liable under this arrangement for a total amount of £24,000 (2005: £19,600,000).

21. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 March 2007, the immediate and ultimate parent company and controlling party was Alliance Boots plc, a company incorporated in Great Britain, which is the parent undertaking of the only group which includes the Company for which group financial statements are prepared. Group financial statements are obtainable from The Secretary, Alliance Boots plc at Sedley Place, 4th Floor, 361 Oxford Street, London W1C 2JL.