UniChem
PLC

Annual Report & Accounts

COMPANY NUMBER 2517178

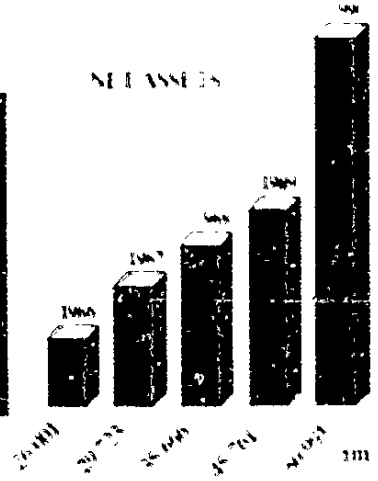
COMPANIES HOUSE
M 749

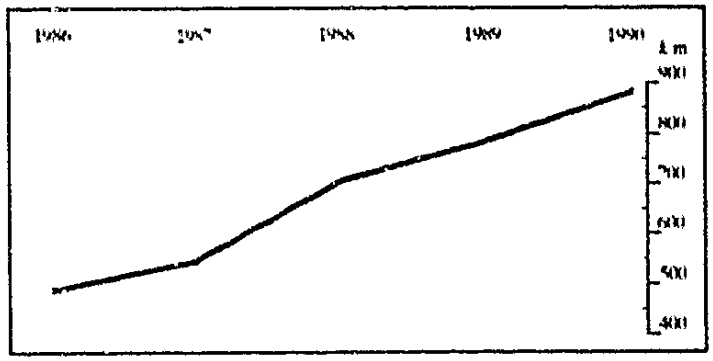
1990

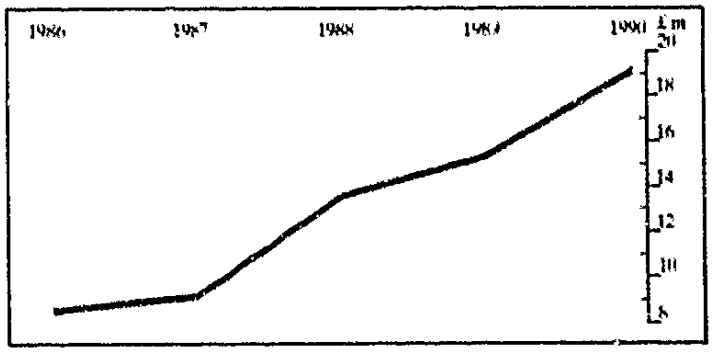
COMPANIES HOUSE
1991
14

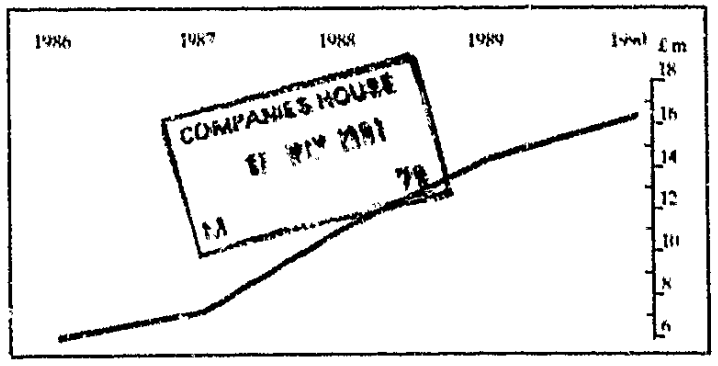
FINANCIAL HIGHLIGHTS

	1990 £000	1989 £000
Sales	873,349	783,110
Operating Profit	19,306	15,494
Pre Tax Profit	16,350	14,458
Net Assets	80,991	45,761
E P S (undiluted)	13.6p	12.4p
E P S (fully diluted)	12.4p	11.4p









COMPANIES HOUSE
11 MAY 1991
79

Contents

3 Chairman's Statement
14 Board of Directors and Advisers
15 Report of the Directors
18 Regional Committees
20 Distribution Centres
22 Profit and Loss Account
23 Balance Sheets
24 Notes to the Accounts
40 Auditors Report
41 Group Results Five Year Summary
43 Shareholder Information
44 Notice of Meeting
46 Notes to the Notice of Meeting
47 Notes to the Business of Meeting

UNICHEM - CHAIRMAN'S STATEMENT

It is my honour in my first statement to report on the most momentous year in UniChem's history. A year in which we started as a co-operative and ended as a publicly quoted company on the London Stock Exchange with a value of some £120 million. A year in which UniChem continued to prove itself as one of the most innovative and efficient UK pharmaceutical distributors.

RESULTS FOR 1990

A public company will always be judged on its financial results and I am delighted to report that turnover and profits continued to move ahead. For the 12 months to 31 December, 1990 turnover increased to £873 million and pre-tax profits rose to £16.3 million. Both as a co-operative and now as a PLC, UniChem has achieved over the years a steady increase in pre-tax profits and it is your Directors' intention to continue to work towards maintaining this excellent and enviable record.

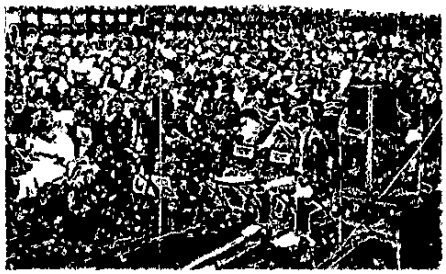
At the annual meeting, the Board will be recommending a final dividend of 1.5p per share in respect of the period ending 31 December, 1990. Had UniChem's shares been listed for the whole of the 1990 financial year, the Directors would have recommended dividends totalling 4.5p per share.

CONVERSION AND FLOTATION

Our conversion to a PLC and subsequent flotation proved to be superbly planned and executed.

A series of roadshows were held throughout the country where my predecessor Mr David Mair, executive directors of UniChem and representatives of our corporate finance advisers, UBS Phillips & Drew, explained to our pharmacy shareholder members the intricacies of converting from an industrial and provident society to a PLC. These were all very well attended.

Members voted to change UniChem from an industrial and provident society to a PLC by a massive 97 per cent of those voting in person or by proxy at the annual meeting in May. The unusual venue chosen for this historic occasion was Thorpe Park and member shareholders were able to take advantage of its excellent facilities with their families. A trade show was held alongside the meeting and proved highly successful for suppliers and customers alike.

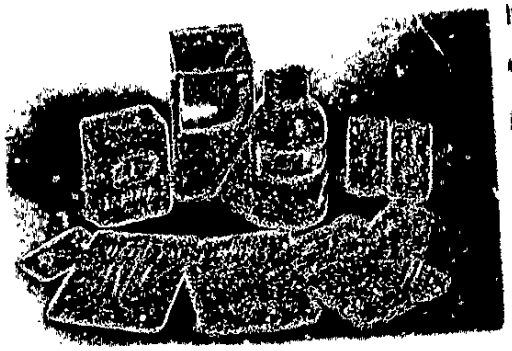


Under the terms of the conversion members were offered about 20 million shares at 10p each pro-rata to their existing holdings and 99% of these shares were taken up under this offer.

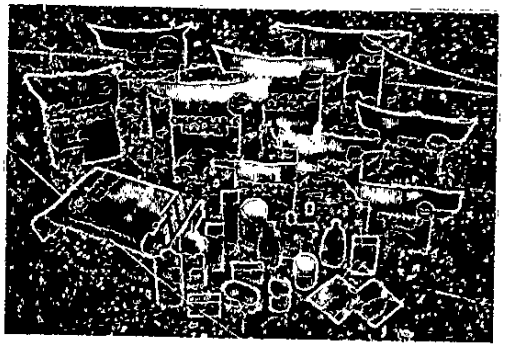
The conversion to a PLC duly took place on 2 July 1990 and preparations went ahead to obtain a quotation for UniChem shares on the London Stock Exchange by means of an Introduction and Rights Issue. The flotation took place on 15 November 1990 and 16,381,481 shares, some 61 per cent of those offered, were taken up in the rights issue. Those shares not taken up by our customers as part of the rights issue were sold to institutions and other investors.

The proceeds of the rights issue, some £25.7 million (net) have been used in the short term to reduce borrowings and to strengthen the company's balance sheet.

I would like to express UniChem's thanks to the excellent team of professional advisers who guided us throughout this exercise.



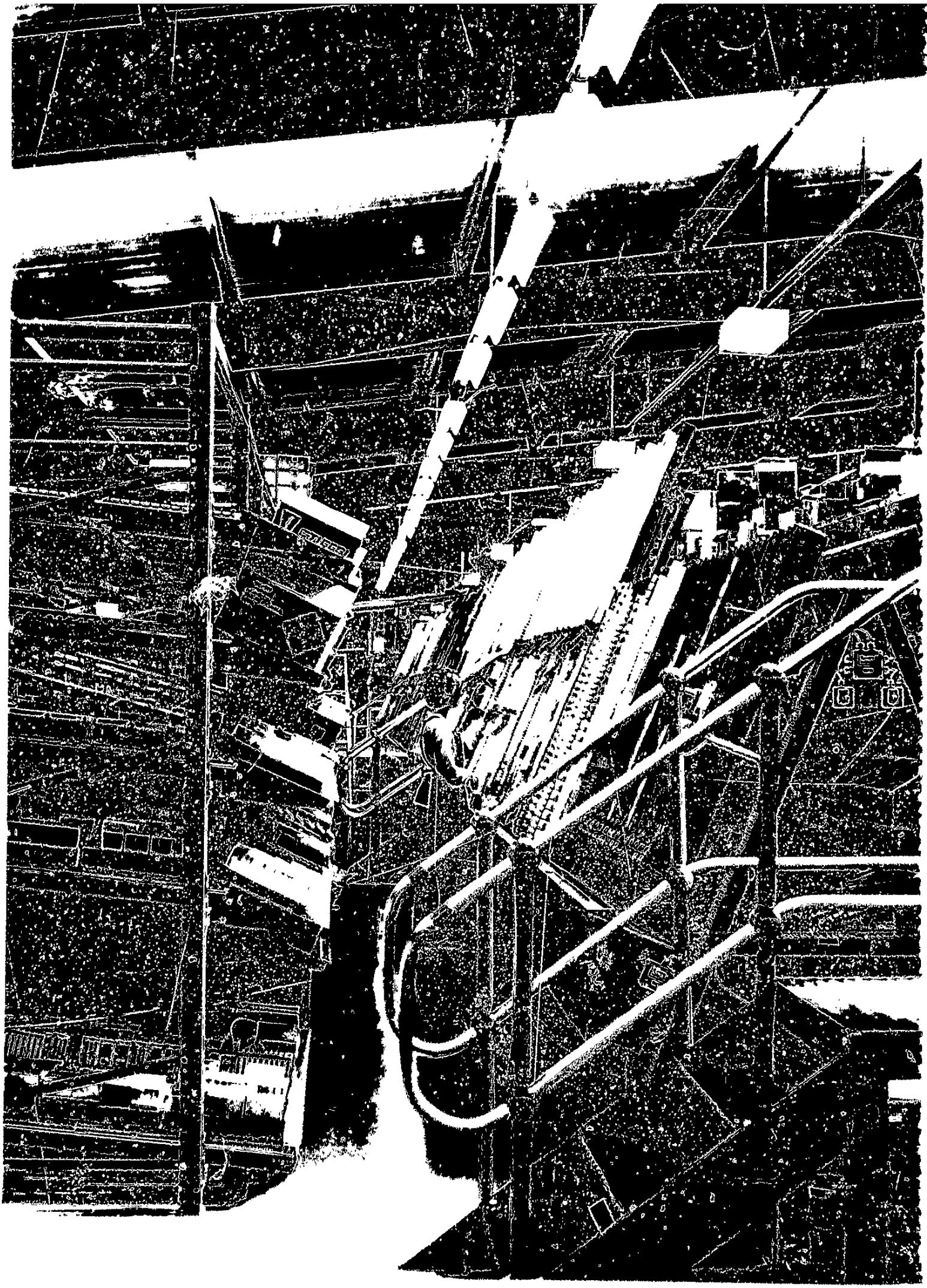
ACTIVITIES



We have continued to enhance the service we give to our customers, most of whom have remained as shareholders. During the year we instituted a complete repackaging programme of our own-brand products at a cost of £200,000 backed up with a new catalogue covering all 350 UniChem products. Substantial marketing support continued for these brands with a £500,000 advertising and promotional campaign aimed at both our customers and the consumers.

The own label range was expanded to include hair styling products, such as gel, hairspray and mousse, a new dx colour film, luxury shower and bathcare products, children's and adult vitamins, Royal Jelly, toothpaste, mouthwash and denture tablets. Thanks to the co-operation of our suppliers we were also able to undertake a range of promotions including the exclusive launch by One Touch, a leading brand of depilatory products.

UniChem's exclusive distribution agencies, Ever Ready batteries and the Pharmaton multi-vitamins, continued to go from strength-to-strength with both brands showing growth of 40% year-on-year. A new variant of Kiddi Pharmaton was launched late in the year, which should be well positioned considering the current interest in vitamins and children's I.Q..

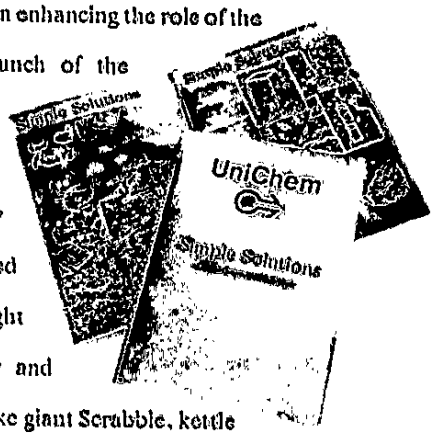


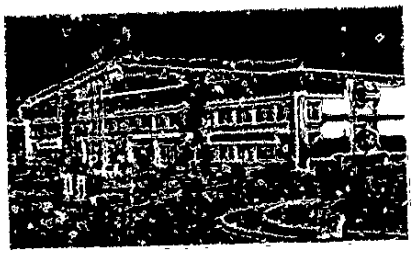
The merchandising scheme, providing on-site marketing consultancy, went national during the year and now covers all 5,000 pharmacies supplied by UniChem. Many pharmacists also take advantage of UniChem's retail shopfitting scheme. An impressive stand featuring both these services and the new own brand products was very well attended by visitors to the Chemex '99 Exhibition at Olympia. Our pharmacy planning and merchandising support services were also enhanced during the year.

UniChem has also played its part in helping our customers with advice on medical problems. The launch of UniChem "Healthline" was an unqualified success. The round-the-clock telephone advice service covers 200 health topics, from food allergies to vaccinations to nappy rash and verrucas.

The similar telephone-based service "ShareLink" provides an immediate trading price for UniChem shares.

But perhaps the most important contribution in enhancing the role of the pharmacist in the community was the launch of the UniChem Home Healthcare service. This enables our pharmacists to offer disabled customers a one stop shopping service. Nearly 100 products are listed in a catalogue titled "Simple Solutions", which is divided into eight sections covering everything from mobility and leisure to household and kitchen, with items like giant Scrabble, kettle tippers, wheelchairs and bath aids. Each item is illustrated with instructions and is guaranteed delivery within 21 days. We regard this move into the rehabilitation equipment market as further proof of our commitment to serving the community through pharmacy.





The Letchworth distribution centre started operations on schedule in March and was officially opened by the Secretary of State for Health, the Rt Hon. Kenneth Clarke on 27 July 1990. It replaced the Willesden centre and now also provides a service to many customers previously supplied from our Walthamstow location.

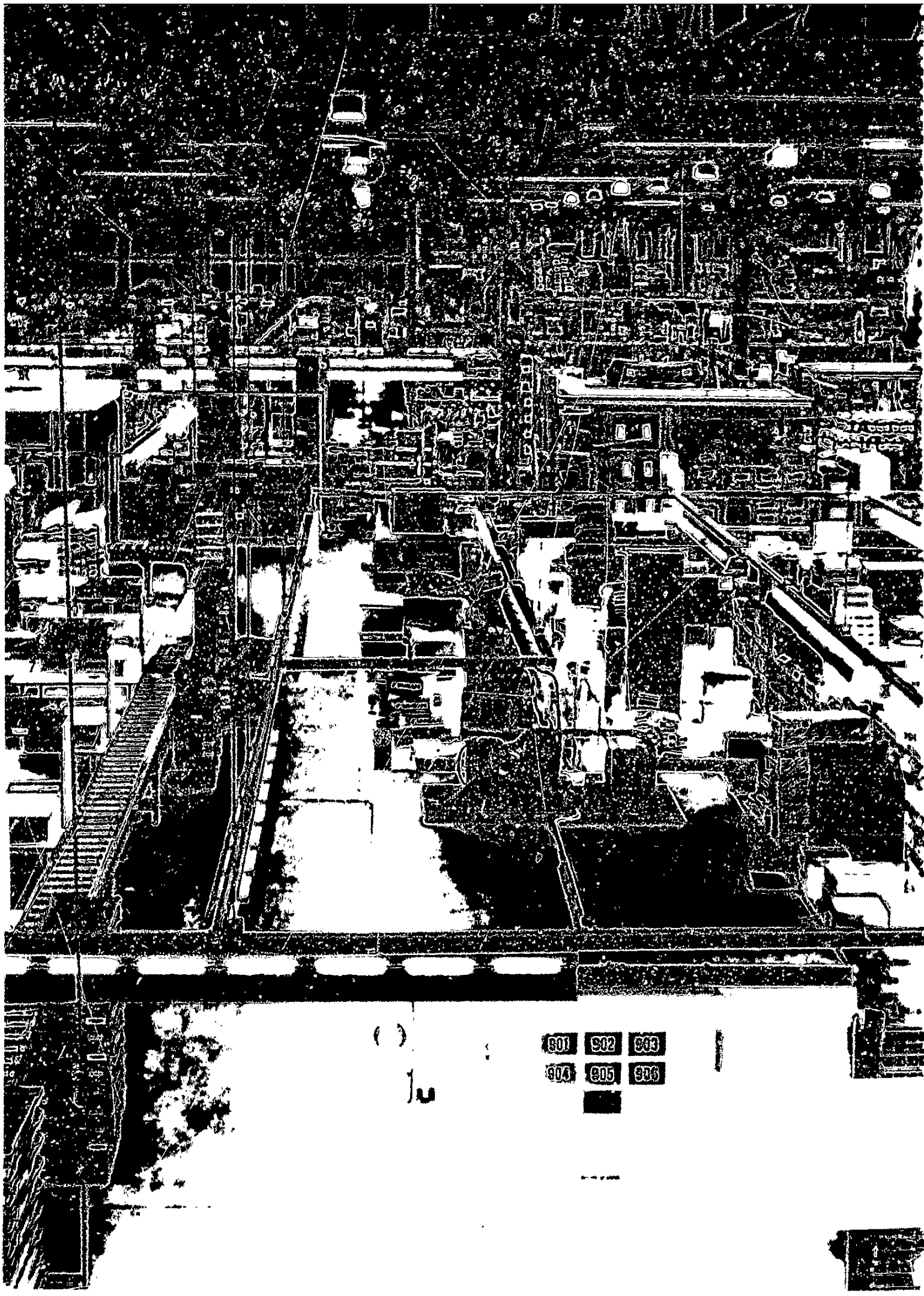
As in earlier years, UniChem continued to receive many foreign visitors and notable during 1990 were groups from Europe, Japan and America.

Towards the end of the year UniChem made a very important move to establish links in Europe. The company acquired an option to take a 17 per cent stake in Pharma-Holding Aktiengesellschaft ("PAG"), a German publicly quoted company which holds a 30 per cent stake in ANZAG, Germany's largest pharmaceutical wholesaler.

Together with stakes held by UniChem's long-established business partners, OPG of Holland and Egwa-Wiveda of Germany, the consortium will control PAG.

The deal will shortly be completed and the cost will be satisfied by the issue of UniChem shares. This shareholding will enable your Company to be in an excellent position to take advantage of any opportunities that might arise after 1992.

We took 100% control of Neptune Industries Limited in May 1990. Neptune is our nappy manufacturing factory and was originally a joint venture with Norwegian partners. We have since made considerable further investment in new production facilities. In a highly-competitive market, Neptune is able to produce top-quality full-feature nappies at attractive prices and we continue to be confident in its future.


901
902
903
904
905
906

Soler Tourisie provided business and holiday, and sports travel facilities for our customers throughout the year and organised several conferences in addition to our own in San Diego, California. The annual convention took place after conversion to a PLC and just a month before the company's shares were listed.

DIRECTORS

No review of 1990 would be complete without a full tribute to my predecessor as Chairman, Mr. David Mair. As you know, I took over the post in July having been Chairman-elect since January. Mr. Mair had the difficult task of leading the company during the hostile Macarthy takeover bid and the referral of the share bonus scheme to the Monopolies and Merger Commission by the Office of Fair Trading. He also had to deal with legal actions taken by Macarthy and AAH, both of which were eventually withdrawn.

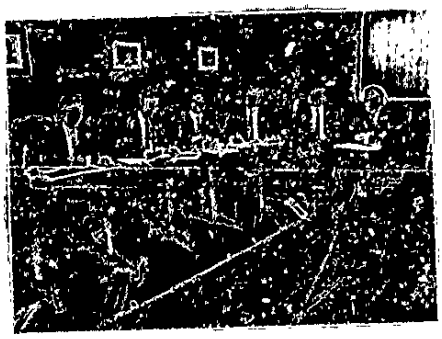
No praise is too high for Mr. Mair's quality of leadership through those difficult times and I am delighted he accepted the board's unanimous invitation to remain non-executive Deputy Chairman. I, for one, shall value his knowledge and experienced advice on pharmacy and the pharmaceutical distribution industry.

His fellow non-executive directors are Mr. James Buchanan, as the second

practising pharmacist on the Board, and Mr. Michael Bardsley *(pictured left)*, who was appointed in March. Mr. Bardsley has extensive marketing experience in North America and Europe with Dun & Bradstreet and ITT Directories.

THANKS

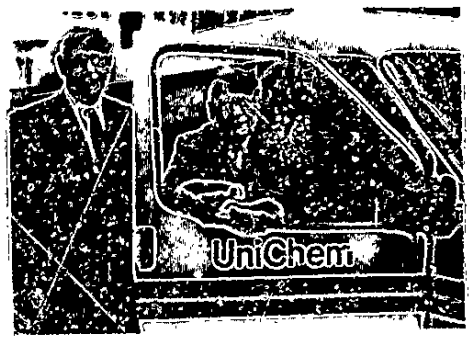
Once again our thanks are due to Chief Executive, Mr. Peter Dodd, and his team of executive directors who have continued to drive the company forward while, at the same time, spending much valuable time preparing UniChem for conversion and flotation.



I would like to thank all the pharmacists who served on the Board until conversion for their continuing support and contributions. In their new role as Chairmen of the restructured Regional Committees, they will continue to provide an important link between the Board and our customers. On behalf of the executive team, I would also like to thank the many customers who meet on the Regional Committees throughout the year for their guidance, valuable assistance and opinions.

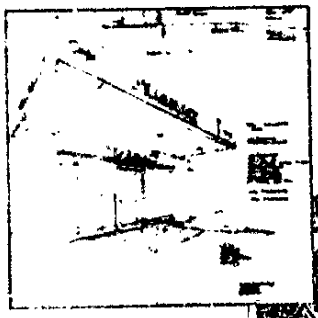
Staff throughout the company deserve a special tribute, for without their commitment and loyalty our superb results would not have been possible. Their continuing contribution to the success of the company now it is in the public domain deserves the highest praise. I was particularly pleased to learn of the high level of participation by our staff in the company's S.A.Y.E. share option scheme.

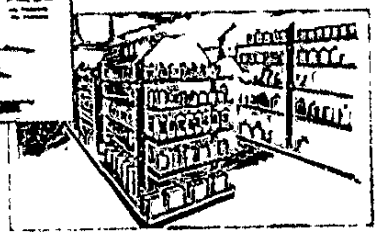
THE FUTURE



UniChem faces the future with confidence. The flexibility our public listing has given us has already been shown by our move into Europe through our investment in PAG and our increased ability to compete in the market place. The continual changing face of the independent pharmacy sector and "1992" present us with opportunities and challenges. UniChem has always welcomed challenges and has a history of taking advantage of the opportunities they present.

Our new franchising scheme has been fully planned and the first pharmacies for the scheme are now being purchased. We are receiving a high-level of interest in our programme from pharmacists throughout the country and we look forward to the rapid development of this activity.





In spite of the change in status, UniChem has obviously not forgotten its roots and remains committed to the independent pharmacy sector. We are developing a range of new initiatives to ensure our business remains at the heart of community pharmacy.

Chairman

BOARD OF DIRECTORS

The Rt. Hon. The Lord Rippon of Hexham, *P.C., Q.C.*
Chairman (Non-Executive)

M.A. Bardsley, *M.A*
Non-Executive Director

J.W. Buchanan, *M.R.Pharm.S*
Non-Executive Director

P.J. Dodd, *F.C.I.S.*
Chief Executive

J.F. Harris, *B.Sc., F.C.A.*
Finance Director

W.H. Hart, *M.R.Pharm.S.*
Marketing Director

K.S.S. Hide, *B.A.*
Operations Director

D.C. Mair, *M.R.Pharm.S.*
Deputy Chairman (Non-Executive)

D.R. Walker, *M.B.C.S., M.B.A.*
Management Services Director

SECRETARY AND REGISTERED OFFICE

A.J. Goodenough, *B.A., F.C.I.S*

UniChem House

Cox Lane, Chessington,

Surrey KT9 1SN

ADVISERS

MERCHANT BANKERS
UBS Phillips & Drew Securities Ltd.,
100 Liverpool Street,
London EC2M 2RH

Barclays de Zoete Wedd,
Ebbgate House,
2 Swan Lane,
London EC4R 3TS

BANKERS
National Westminster Bank PLC,
21 Lombard Street,
London EC3P 3AR

Barclays Bank PLC,
Barclays Business Centre,
PO Box 96,
82-84 High Street,
Epsom,
Surrey KT19 8BH

AUDITORS
Touche Ross & Co.,
Chartered Accountants,
Friary Court,
65 Crutched Friars,
London EC3N 2NP

STOCKBROKERS
UBS Phillips & Drew Securities Ltd.,
100 Liverpool Street,
London EC2M 2RH

SOLICITORS
Rakisons,
27 Chancery Lane,
London WC2A 1NF

Slaughter and May,
35 Basinghall Street,
London EC2V 5DB

REGISTRAR
Lloyds Bank PLC,
Registrar's Department,
Goring-by-Sea,
Worthing,
West Sussex BN12 6DA

REPORT OF THE DIRECTORS

Details in the Chairman's Statement and in the financial statements are material to an appreciation of the business of UniChem and as such form part of this report.

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. The activity of the subsidiary undertakings are described in note 17(c) to the accounts. Since the year end UniChem Retail Limited has been established for the purpose of owning and operating franchised pharmacies.

PROFIT AND DIVIDENDS

The accounts have been drawn up for the period from conversion to 31st December 1990. Pro forma accounts are shown for the calendar years ended 1990 and 1989 which amalgamate the results as a company with those of an industrial and provident society.

The 1990 pro forma profit on ordinary activities before taxation amounted to £16,350,000, (1989 £14,458,000). The statutory result for the six month period as a company was £9,173,000. Full details of the results of the company are set out on page 22. The directors propose the payment of a final dividend of 1.5 pence on each 10p ordinary share the payment of which will be made in accordance with the financial timetable to be found on page 43. Had UniChem been a PLC for a full year the directors would have recommended total dividends of 4.5 pence per share.

DIRECTORS

The directors of the company are listed on page 14 all of whom were the first directors of the company on incorporation.

Details of the interests of the directors are shown in note 7(a) to the accounts.

The company has during the year maintained insurance in respect of any liabilities that the directors may have in relation to their duties while employed by the company.

FIXED ASSETS

The changes in the fixed assets during the financial year are shown in notes 15, 16 and 17 to the accounts.

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.

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.

EMPLOYEES

It is UniChem's policy 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.

Various arrangements for employee communication and consultation exist with particular use being made of notice boards. Employees are encouraged to become involved in the performance of the company through participation in the savings related share option scheme and the directors were particularly pleased that 35% of employees invited to participate in this way for the first time elected to join the scheme. Full details of this can be found in note 23 to the accounts.

HEALTH, SAFETY AND WELFARE

It is UniChem's policy to provide the safest and healthiest environment within its premises that are reasonably practical for all its employees and visitors and to enlist the support of all staff towards achieving these ends. At each location the company operates health & safety committees to advise management, whose duty it is to take every reasonable step to meet the stated objectives.

ANNUAL GENERAL MEETING

The notice of the annual general meeting is on pages 44 and 45 and the notes explaining the business to be covered at this meeting are contained on page 47 and 48 form part of this report.

By Order of the Board
A.J. Goodenough
Company Secretary
23rd March 1991.

REGIONAL COMMITTEES

SOUTH & WEST REGIONAL COMMITTEE

Chessington Branch
D. Lalitter Esq., M R Pharm.S.,
c/o Trimming Willis & Co.,
92 High St., Alton, Hants GU34
Telephone: 04308 3350

S.K. Patel Esq., M R Pharm.S.,
Barkers Chemists,
245 Garratt Lane, London SW18 4DU
Telephone: 081-874 1495

S.J. Greene Esq., M R Pharm.S.,
5 Holdenhurst Rd., Lansdowne,
Bournemouth, Dorset BH8 8EH.
Telephone: 0202 24923

Exeter Branch
Mrs. G M Clark, M R Pharm.S.,
70 High Street, Honiton,
Devon EX14 8PD.
Telephone: 0404 41866

M.J.W. Chapman Esq., M R Pharm S.,
Chapman's Chemists,
5 East Reach, Taunton,
Somerset TA1 3EN
Telephone: 0823 251686

C.R. Davies Esq., M R Pharm S.,
Saints Chemist,
54 Fortuneswell, Portland,
Dorset DT5 1LZ.
Telephone: 0305 820409

C. Martin Esq., M R Pharm S.,
125 High Street, Upper Weston,
Bath BA1 4DF.
Telephone: 0454 313688

C.P. Butler Esq., M R Pharm S.,
c/o J.R. Butler & Son Ltd.,
195 London Rd.,
Reading, Berks RG1 3NV.
Telephone: 0734 61786

Chairman
M H Smith Esq., B Sc M R Pharm S
Smith Chemists,
2 Erme Terrace,
Ivybridge,
Devon
Telephone: 0752 896735

EASTERN HOME COUNTIES REGIONAL COMMITTEE

Croydon Branch
J.B. Gilmour Esq., M R.Pharm.S.,
Shoreham Pharmacy,
10 Brunswick Rd., Shoreham-by-Sea,
West Sussex BN4 5WB.
Telephone: 0273 453309

J.L. Mason Esq., M.R.Pharm.S.,
John L. Mason (Chemists) Ltd.,
St. Annes Pharmacy, 161A Station Rd.,
Herne Village, Herne Bay, Kent.
Telephone: 022 737 2792

W. Patterson Esq., M.R.Pharm.S.,
1347 London Rd., Norbury, London SW16.
Telephone: 081-764 1438

Walthamstow Branch
C.C. Wind Esq., M.R.Pharm.S.,
418 Whitmore Way, Pryerns Estate,
Basildon, Essex SS14 2HB.
Telephone: 0268 20100

G.M. Alexander Esq., M R.Pharm.S.,
316 Hertford Rd.,
Edmonton, London N9.
Telephone: 081-804 1369

V.G.H. Irvine Esq., M.R.Pharm.S.,
"Chrystalls" (Irvine Pharmacy Ltd).,
12 The Broadway,
Woodford Green,
Essex IG8 0HL
Telephone: 081 504 6117

Chairman
G S Raivid Esq., M R Pharm S
229 Golders Green Road,
London NW11 9ES
Telephone: 081 455 1517

MIDLANDS REGIONAL COMMITTEE

Letchworth Branch
M. Ranigu Esq., M.R.Pharm.S.,
Crystal Pharmacy,
231 Finchley Rd., London NW3 6LS
Telephone: 071 794 5486

M. Soloway Esq., M.R.Pharm S.,
Lewis Bernard Associates Ltd.,
27 The Avenue, West Ealing,
London W13.
Telephone: 081-997 3064

M.J. Twelvetrees Esq., M R Pharm S.,
Plemons & Marchant, 70 West Street,
Dunstable, Bedfordshire.
Telephone: 0582 68680

J.M Cook Esq., M R Pharm S.,
James Cook (Chemists) Ltd.,
38-40 Magdalen St.,
Norwich, Norfolk.
Telephone: 0603 622868

Hinckley Branch
E. Giles Esq., M R Pharm.S.,
22 Cranham Drive,
Warndon, Worcester
WR4 9PA.
Telephone: 0905 51157

M. Duncan Esq., M.R.Pharm S.,
The Forum Pharmacy,
318 Walsgrave Rd.,
Coventry CV2 4AF.
Telephone: 0203 457689

P. Cattee Esq., M R Pharm S.,
7/9 Market St.,
Clay Cross, Derbyshire.
Telephone: 0246 862240

P.F. Brown Esq., M.R.Pharm S.,
13 Forbes Rd., Boston,
Lincs PE21 0PD.
Telephone: 0205 364506

Chairman
D.H. Liddington Esq., M.R.Pharm.S.,
Paddox Pharmacy,
316 Hillmorton Rd.,
Rugby,
Warwickshire
Telephone: 0788 571477

REGIONAL COMMITTEES

NORTHERN REGIONAL COMMITTEE

Chairman
W.N.P. Chapman Esq., F.R.Pharm.S.
John Low Limited.
I Derwent [illegible]
Blackhill.
Consett
Co. Durham DH8 8LL
Telephone 0207 504131

Leeds Branch
R.C. Hall Esq., M.R.Pharm.S.,
The Pharmacy, Holderness Rd.,
Hull, N. Humberside HU9 3DS.
Telephone: 0482 74512

P. Armstrong Esq., M.R.Pharm.S.,
Gilbert & Armstrong,
The Square, Whitwell,
Worksop, Notts S80 8NS.
Telephone: 0909 720237

A. Peel Esq., M.R.Pharm.S.,
APH Group Ltd.,
Northgate House
63-65 Northgate,
Almondbury,
Huddersfield HD5 8RX.
Telephone: 0484 430072

Newcastle Branch
J. Young Esq., M.R.Pharm.S.,
Rowgate Limited,
221 Coatsworth Rd.,
Gateshead-on-Tyne,
Tyne & Wear.
Telephone: 091 477 1480

G.S. Dent Esq., M.R.Pharm.S.,
c/o Dent's Chemists,
53 Front St., Newbiggin-by-Sea,
Northumberland.
Telephone: 0670 811001

J. Clive Richardson Esq.,
8 Lemington Gardens,
Benham,
Newcastle-upon-Tyne,
NE5 2EN
Telephone: 091 274 2143

WALES & NORTH WEST REGIONAL COMMITTEE

Chairman
D. Davidson Esq., M.R.Pharm.S.,
73 London Road,
Stockton Heath,
Nr. Warrington,
Cheshire.
Telephone: 0925 64886

Swansea Branch
D.P. Williams Esq., M.R.Pharm.S.,
The Pharmacy,
Queen's Square, Dolgellau, Gwynedd.
Telephone: 0341 422471

S.R. Newbury Esq., M.R.Pharm.S.,
95 Eversley Rd., Sketty,
Swansea, West Glamorgan.
Telephone: 0792 203063

S. Jones Esq., M.R.Pharm.S.,
Unit 2, Common Approach,
Yorkdale, Beddau, Pontypridd,
Mid. Glamorgan.
Telephone: 0443 208388

Ms. Sarah J. Edwards, M.R.Pharm.S.,
7 Boverton Rd., Llantwit Major,
South Glamorgan CF6 9XE.
Telephone: 04465 2300

Preston Branch
D. Sukert Esq., M.R.Pharm.S.
David Sukert Ltd.,
2/4 Towngate,
Leyland, Lancs PR5 1DE.
Telephone: 0772 421581

M. Mansour Esq., M.R.Pharm.S.,
10 Rochampton Drive,
Blundellsands,
Liverpool L23 7XD.
Telephone: 0244 814268

D.N. Maxwell Esq., M.R.Pharm.S.,
830 Bury Rd., Breightmet,
Bolton, Lancs BL2 6PA.
Telephone: 0204 26838

J.Micknel Pott Esq., M.R.Pharm.S.,
J.M. Pott (Chester) Ltd.,
4 Faulkner St., Hoole, Chester.
Telephone: 0244 25965

SCOTTISH REGIONAL COMMITTEE

Chairman
T.T.R. Johnson Esq., M.R.Pharm.S.,
49 Blighty Avenue,
Glenrothes,
Fife,
Scotland
Telephone 0592 752554

C. Mitchie Esq., M.R.Pharm.S.,
391 Union St., Aberdeen,
Aberdeenshire.
Telephone: 0224 585312

Mrs. U. Horspool, M.R.Pharm.S.,
92 Clepington Rd., Dundee,
Angus DD3 7SW.
Telephone: 0382 55748

J.H.H. Grout Esq., M.R.Pharm.S.,
Mackenzie & Co. Chemists Ltd.,
45 Forrest Rd.,
Edinburgh EH1 2QP.
Telephone: 031 225 7770

G. Watson Esq., M.R.Pharm.S.,
110 High Street,
Irvine, Ayrshire.
Telephone: 0294 79312

W.D. Gerrard, Esq., M.R.Pharm.S.,
c/o Tullock Chemists,
61B Thornliebank,
Glasgow G46.
Telephone: 041 638 1316

James Russell., M.R.Pharm.S.,
338 Main Street,
Stenhousemuir,
FK5 3JR
Telephone: 0324 554135

UNICHEMS PHARMACEUTICAL DISTRIBUTION CENTRES

CHESSINGTON:
General Manager F A Kent
Tel 081 397 [illegible]
Fax 081 974 [illegible]

CROYDON:
General Manager A Blaydon
Tel 0689 842345
Fax 0689 836024

EXETER:
General Manager M R Palmer
Tel 0392 434941
Fax 0392 425781

HINCKLEY:
General Manager G Mellor
Tel 0455 618524
Fax 0455 250672

LEEDS:
General Manager J Kallend
Tel 0532 778211
Fax 0532 770393

LETCHWORTH:
General Manager D B Smeaton
Tel 0462 480780
Fax 0462 670266

LIVINGSTON:
General Manager B N Herron
Tel 0506 34211
Fax 0506 30596

NEWCASTLE:
General Manager R Durey
Tel 091 262 2241
Fax 091 263 2894

PRESTON:
General Manager J C Harris
Tel 0772 323000
Fax 0772 628077

SWANSEA:
General Manager G H Sims
Tel 0792 561561
Fax 0792 584529

WALTHAMSTOW:
General Manager R J Metcalf
Tel 081 531 4121
Fax 081 503 2189

UNICHEM PLC *and subsidiaries*
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the period from 2nd July, 1990 to 31st December, 1990

	Notes	1990* £000	Pro Forma Accounts for the year ended 31st December* 1990 £000	1989 £000
TURNOVER	1 & 2	450,992	873,349	783,110
COST OF SALES		(424,564)	(821,877)	(737,256)
GROSS PROFIT		26,428	51,472	45,854
ADMINISTRATIVE EXPENSES		(16,762)	(33,953)	(32,160)
		9,666	17,519	13,694
OTHER OPERATING INCOME	3	908	1,787	1,800
OPERATING PROFIT		10,574	19,306	15,494
NET SHARE OF RESULTS OF RELATED COMPANIES		–	(145)	(28)
INTEREST RECEIVABLE	4	592	980	1,512
INTEREST PAYABLE	5	(1,993)	(3,791)	(2,520)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	9,173	16,350	14,458
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	9	(3,109)	(5,735)	(5,098)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		6,064	10,615	9,360
EXTRAORDINARY ITEM	10	–	–	(418)
PROFIT AFTER TAXATION AND EXTRAORDINARY ITEM	11	6,064	10,615	8,942
DISTRIBUTIONS	12	–	(419)	(913)
DIVIDENDS	13	(1,414)	(1,414)	–
RETAINED PROFIT FOR THE FINANCIAL PERIOD		4,650	8,782	8,029
RELEASE OF UNI-BOND RESERVE		–	–	2,600
PROVISION IN RESPECT OF UNI-BOND SCHEME		–	–	(2,600)
TRANSFERRED TO RESERVES	25	4,650	8,782	8,029
EARNINGS PER SHARE – UNDILUTED	14	7.9p	13.6p	12.4p
EARNINGS PER SHARE – FULLY DILUTED	14	7.2p	12.4p	11.4p

** See note 1 to the Accounts.*

ANNUAL
ACCOUNTS

1 9 9 0

UNICHEM PLC *and subsidiaries*
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the period from 2nd July, 1990 to 31st December, 1990

	Notes	1990* £000	Pro Forma Accounts for the year ended 31st December* 1990 £000	1989 £000
TURNOVER	1 & 2	450,992	873,349	783,110
COST OF SALES		(424,564)	(821,877)	(737,256)
GROSS PROFIT		26,428	51,472	45,854
ADMINISTRATIVE EXPENSES		(16,762)	(33,953)	(32,160)
		9,666	17,519	13,694
OTHER OPERATING INCOME	3	908	1,787	1,800
OPERATING PROFIT		10,574	19,306	15,494
NET SHARE OF RESULTS OF RELATED COMPANIES		–	(145)	(28)
INTEREST RECEIVABLE	4	592	980	1,512
INTEREST PAYABLE	5	(1,993)	(3,791)	(2,520)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	9,173	16,350	14,458
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	9	(3,109)	(5,735)	(5,098)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		6,064	10,615	9,360
EXTRAORDINARY ITEM	10	–	–	(418)
PROFIT AFTER TAXATION AND EXTRAORDINARY ITEM	11	6,064	10,615	8,942
DISTRIBUTIONS	12	–	(419)	(913)
DIVIDENDS	13	(1,414)	(1,414)	–
RETAINED PROFIT FOR THE FINANCIAL PERIOD		4,650	8,782	8,029
RELEASE OF UNI-BOND RESERVE		–	–	2,600
PROVISION IN RESPECT OF UNI-BOND SCHEME		–	–	(2,600)
TRANSFERRED TO RESERVES	25	4,650	8,782	8,029
EARNINGS PER SHARE – UNDILUTED	14	7.9p	13.6p	12.4p
EARNINGS PER SHARE – FULLY DILUTED	14	7.2p	12.4p	11.4p

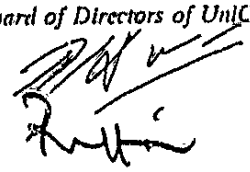
* *See note 1 to the Accounts*

UNICHEM PLC *and subsidiaries*
BALANCE SHEETS *31st December, 1990*

	Notes	The Group 1990* £000	The Group Pro Forma Accounts 1989* £000	Company 1990* £000	Society Pro Forma Accounts 1989* £000
FIXED ASSETS					
Intangible Assets	15	91	–	–	–
Tangible Assets	16	24,852	19,471	19,830	18,029
Investments	17	–	761	3,265	1,747
		24,943	20,232	23,095	19,776
CURRENT ASSETS					
Stocks	18	62,312	63,791	61,730	63,791
Debtors	19	107,955	103,570	106,974	102,876
Cash at bank and in hand		29,260	4,193	29,769	4,190
		199,527	171,554	198,473	170,857
CREDITORS: *amounts falling due within one year*					
Bank overdraft		–	30	–	–
Trade Creditors		93,087	96,264	92,844	96,205
Sundry Creditors	20	28,657	30,921	27,896	30,414
		121,744	127,215	120,740	126,619
NET CURRENT ASSETS		77,783	44,339	77,733	44,238
TOTAL ASSETS LESS CURRENT LIABILITIES		102,726	64,571	100,828	64,014
CREDITORS: *amounts falling due after more than one year*	21	21,139	18,339	20,042	18,339
PROVISIONS FOR LIABILITIES AND CHARGES	22	596	471	516	402
		80,991	45,761	80,270	45,273
CAPITAL AND RESERVES					
Called up share capital	23	9,423	4,768	9,423	4,768
Share premium account	24	21,784	–	21,784	–
Reserves	25	49,784	40,993	49,063	40,505
		80,991	45,761	80,270	45,273

The accounts were approved by the Board of Directors of UniChem PLC on 23rd March, 1991 and are signed on its behalf by:

P. J. DODD
LORD RIPPON } *Directors*



** See note 1 to the Accounts.*

NOTES TO THE ACCOUNTS

for the period from 2nd July, 1990 to 31st December, 1990

(1) ACCOUNTING POLICIES

1990 ACCOUNTS

These accounts are the first statutory accounts of UniChem PLC. UniChem Limited converted to a public limited company and changed its name to UniChem PLC on 2nd July, 1990. UniChem Limited had previously been incorporated under the Industrial and Provident Societies Act 1965.

1990 AND 1989 ACCOUNTS

For shareholders' information and for comparative purposes pro forma accounts have been produced for the years to 31st December, 1990 and 1989 reflecting the results of the business for the whole of those years. The pro forma accounts do not form part of the statutory accounts.

CONVENTION

The financial statements have been prepared in accordance with the historical cost convention. 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 and its subsidiary companies. All companies within the Group make up their accounts to 31st December.

TURNOVER

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

PENSIONS

The costs of funding the defined benefit pension scheme 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.

One Group company operates a defined contribution pension scheme. Pension costs are charged to the profit and loss account as they are payable.

DEVELOPMENT COSTS

Development expenditure on a separately identifiable project is capitalised in accordance with Statement of Standard Accounting Practice No. 13 and is amortised over five years or the life of the project, whichever is the shorter.

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:

Freehold buildings	*– at 2% per annum*
Long and short leasehold properties	*– at 2% per annum or over the period of the lease whichever is the shorter*
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 shorter of the primary period of the lease and 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.

ALLOCATIONS

Profit sharing allocations and discounts to customers are charged to the profit and loss account in the year in which they accrue.

DISTRIBUTIONS

Share interest and profit share payable to the members of the Society as a return on their share investment are shown net of corporation tax. The distributions are paid gross.

NOTES TO THE ACCOUNTS

for the period from 2nd July, 1990 to 31st December, 1990

(2) ANALYSIS OF TURNOVER AND PROFIT

Turnover and profit before taxation are derived almost entirely from the provision of pharmaceutical and related goods and services in the United Kingdom. The only other activities, the provision of travel agency services and the manufacture of disposable nappies, are not significant within the context of the Group.

		Pro Forma Accounts for the year ended 31st December	
(3) OTHER OPERATING INCOME	1990 £000	1990 £000	1989 £000
Net rental income on pharmacy computer systems	908	1,787	1,800

(4) INTEREST RECEIVABLE	1990 £000	1990 £000	1989 £000
Bank deposit interest	592	980	1,512

(5) INTEREST PAYABLE	1990 £000	1990 £000	1989 £000
Bank loans, overdrafts and other loans	332	628	747
repayable within 5 years	1,355	2,669	1,416
Other loans	306	494	357
Finance charges payable on finance leases	1,993	3,791	2,520

(6) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1990 £000	1990 £000	1989 £000
Depreciation of owned assets	958	1,617	1,135
Depreciation of assets held under finance leases	1,436	2,518	1,904
Total depreciation of tangible assets	2,394	4,135	3,039
Operating lease rentals – land and buildings	395	803	845
– plant and machinery	185	501	566
Auditors' remuneration	49	89	53

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

NOTES TO THE ACCOUNTS

for the period from 2nd July, 1990 to 31st December, 1990

(7) DIRECTORS

(a) Directors' share and other interests

The interests of the directors and their immediate families, all of which are beneficial, in the 10p ordinary shares of the company are detailed below.

	2nd July, 1990	31st December, 1990			
	Fully paid	Fully paid	1993 loyalty bonus	1990 executive share option scheme	1990 savings related share option scheme
M A. Bardsley	–	4,000	–	–	–
J.W. Buchanan	39,340	55,076	3,934	–	–
P.J. Dodd	–	100,000	–	300,000	12,228
J.F. Harris	–	5,000	–	300,000	12,228
W.H. Hart	–	4,000	–	300,000	12,228
K.S.S. Hide	–	4,000	–	300,000	12,228
D.C. Mair	24,150	33,810	2,415	–	–
Lord Rippon	–	30,000	–	–	.
D.R. Walker	–	4,000	–	300,000	12,228

As a result of the rights issue, approval is being sought from the Inland Revenue to amend the subscription price for options granted under the 1990 savings related share option scheme to 85.58 pence per share as agreed with the auditors (from 92 pence per share) and as a result each director that had an option over 12,228 shares under this scheme would have, if accepted, an option over 13,145 shares.

Further details of the 1990 executive share option scheme are given in note 23.

There were no other changes in the directors' interests between 31st December, 1990 and 23rd March, 1991.

None of the directors, with the exception of service contracts, 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 31st December, 1990.

(b) Directors' emoluments

The current directors' emoluments, inclusive of pension contributions, for the financial year ended 31st December, 1990 totalled £1,465,949 and for the period from the 2nd July to 31st December, 1990 totalled £758,152.

These emoluments, exclusive of pension contributions, are summarised below.

	1990 £000	1990* £000
Chairman	30	30
Highest paid director	306	611
The other directors fell within the following ranges:	Number	Number
£0 and over but not exceeding £5,000	2	–
£5,001 and over but not exceeding £10,000	–	2
£10,001 and over but not exceeding £15,000	1	–
£25,001 and over but not exceeding £30,000	–	1
£75,001 and over but not exceeding £80,000	3	–
£110,001 and over but not exceeding £115,000	1	–
£150,001 and over but not exceeding £155,000	–	3
£215,001 and over but not exceeding £220,000	–	1

* *Pro forma figures for the year ended 31st December, 1990.*

NOTES TO THE ACCOUNTS

for the period from 2nd July, 1990 to 31st December, 1990

		Pro Forma Accounts for the year ended 31st December	
	1990	1990	1989
(8) EMPLOYEES			
The average number of staff employed by the Group, which includes directors, all of whom were engaged in the provision of pharmaceutical supplies and related services were:	2,644	2,656	2,639
	1990 £000	1990 £000	1989 £000
The costs incurred in respect of these employees were:			
Wages and salaries	10,398	20,449	18,116
Social security costs	847	1,552	1,692
Other pension costs (note 26)	620	1,227	1,137
	11,865	23,228	20,945

(9) TAXATION ON PROFIT ON ORDINARY ACTIVITIES			
The taxation charge in the accounts is based on profits for the period after taking into account the relief available in respect of allocations to members.	1990 £000	1990 £000	1989 £000
Corporation tax charge at 35%	2,881	5,618	3,385
Deferred taxation	225	114	1,770
Under/(over) provision for earlier years	3	3	(63)
	3,109	5,735	5,092
Net share of taxation of related companies	–	–	6
	3,109	5,735	5,098

(10) EXTRAORDINARY ITEM	1990 £000	1990 £000	1989 £000
Costs of defending the Society against legal actions and investigations	–	–	643
Taxation	–	–	(225)
	–	–	418

(11) PROFIT OF THE HOLDING COMPANY	1990 £000	1990 £000	1989 £000
Dealt with in the accounts of the holding company	5,833	10,391	8,273

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

NOTES TO THE ACCOUNTS
for the period from 2nd July, 1990 to 31st December, 1990

(12) DISTRIBUTIONS	1990 £000	Pro Forma Accounts for the year ended 31st December 1990 £000	1989 £000
Annual profit share (proposed)	-	240	1,053
Interest on members' shares (paid)	-	405	352
	-	645	1,405
Taxation	-	(226)	(492)
	-	419	913

(13) DIVIDENDS	1990 £000	1990 £000	1989 £000
Proposed final (1.5 pence per share)	1,414	1,414	-

(14) EARNINGS PER SHARE

The undiluted earnings per share for the period 2nd July to 31st December, 1990 were calculated using the after tax profits for the period of £6,064,000.

The pro forma undiluted earnings per share were calculated by adjusting the pro forma profit for the period (1990: £10,615,000; 1989, £9,360,000) for the interest that would have been received at 14%, less corporation tax, on the net proceeds of the rights issue, assuming these funds had been available at the beginning of the period.

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 period.

The weighted average number of shares used in the calculations were:

	1990 000s	1990 000s	1989 000s
Undiluted	76,320	94,234	94,234
Fully diluted	87,976	105,890	105,890

The fully diluted figures take account of the share options and the loyalty bonus, which were outstanding on 31st December, 1990. Further details of the options are given in note 23.

NOTES TO THE ACCOUNTS
for the period from 2nd July, 1990 to 31st December, 1990

(15) INTANGIBLE FIXED ASSETS

	Development expenditure £000
The Group	
Period from 1st January, 1990 to 1st July, 1990	
Cost	
Subsidiaries acquired	*349*
Transferred on conversion	*349*
Depreciation	
Subsidiaries acquired	*193*
Charge for the period	*14*
Transferred on conversion	*207*
Net Book Value	
Transferred on conversion (2nd July, 1990)	*142*
Period from 2nd July, 1990 to 31st December, 1990	
Cost	
Transferred on conversion	*349*
Disposals	*(46)*
At 31st December, 1990	*303*
Depreciation	
Transferred on conversion	*207*
Disposals	*(46)*
Charge for the period	*51*
At 31st December, 1990	*212*
Net Book Value	
At 31st December, 1990	*91*

NOTES TO THE ACCOUNTS

for the period from 2nd July, 1990 to 31st December, 1990

(16) TANGIBLE FIXED ASSETS *(Continued)*

	Freehold land and buildings £000	*Long leaseholds £000*	*Short leaseholds £000*	*Furniture, fixtures & equipment £000*	*Motor vehicles £000*	*Total £000*
Company/Society						
Cost						
At 1st January, 1990	4,339	6,599	1,441	11,997	3,123	27,499
Additions	22	1,064	–	1,881	1,058	4,025
Disposals	–	–	–	(947)	(237)	(1,184)
Transferred on conversion	4,361	7,663	1,441	12,931	3,944	30,340
Depreciation						
At 1st January, 1990	416	197	369	6,999	1,489	9,470
Disposals	-	–	–	(891)	(182)	(1,073)
Charge for period	44	66	37	868	660	1,675
Transferred on conversion	460	263	406	6,976	1,967	10,072
Net Book Value						
Transferred on conversion (2nd July, 1990)	3,901	7,400	1,035	5,955	1,977	20,268
Cost						
Transferred on conversion	4,361	7,663	1,441	12,931	3,944	30,340
Additions	6	130	2	564	1,117	1,819
Disposals	–	–	(83)	–	(134)	(217)
At 31st December, 1990	4,367	7,793	1,360	13,495	4,927	31,942
Depreciation						
Transferred on conversion	460	263	406	6,976	1,967	10,072
Disposals	–	–	(83)	–	(105)	(188)
Charge for the period	44	69	39	970	1,106	2,228
At 31st December, 1990	504	332	362	7,946	2,968	12,112
Net Book Value						
At 31 December, 1990	3,863	7,461	998	5,549	1,959	19,830

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

Leased Assets

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

	The Group		*Company*	*Society*
	1990 £000	*1989 £000*	*1990 £000*	*1989 £000*
Furniture, fixtures and equipment	2,992	2,083	1,827	2,083
Motor Vehicles	1,143	969	1,143	969
	4,135	3,052	2,970	3,052

NOTES TO THE ACCOUNTS
for the period from 2nd July, 1990 to 31st December, 1990

(16) TANGIBLE FIXED ASSETS *(Continued)*

Capital Commitments	The Group 1990 £000	The Group 1989 £000	Company 1990 £000	Society 1989 £000
Contracted for, but not provided for	110	106	–	106
Authorised by the directors, but not contracted for	3,667	4,210	3,667	4,210

(17) FIXED ASSET INVESTMENTS

	The Group 1990 £000	The Group 1989 £000	Company 1990 £000	Society 1989 £000
Subsidiary companies				
Shares at cost	–	–	173	173
Loan and current accounts (net)	–	–	3,092	886
	–	–	3,265	1,059
Related companies				
Share of net assets	–	761	–	–
Shares at cost	–	–	–	5
Loan and current accounts (net)	–	–	–	683
	–	761	–	688
Total	–	761	3,265	1,747

(a) Group

	Related companies Share of net assets £000	Loans £000	Total £000
At 1st January 1990	78	683	761
Sold/provided	(78)	(683)	(761)
At 2nd July, 1990 and at 31st December, 1990	–	–	–

During the half-year ended 1st July, 1990 UniChem disposed of its 50% stake in Unilabel Limited and acquired the remaining 50% stake in Neptune Industries Limited.

(b) Company

	Subsidiary companies Shares at Cost £000	Subsidiary companies Loans £000	Related companies Shares at Cost £000	Related companies Loans £000	Total £000
At 1st January, 1990	173	886	5	683	1,747
Acquired/advanced	–	400	–	–	400
Disposed	–	–	(5)	–	(5)
Repaid/provided	–	(109)	–	(20)	(129)
Transferred	–	663	–	(663)	–
Transferred on conversion (2nd July, 1990)	173	1,840	–	–	2,013
Acquired/advanced	–	1,252	–	–	1,252
At 31st December, 1990	173	3,092	–	–	3,265

NOTES TO THE ACCOUNTS
for the period from 2nd July, 1990 to 31st December, 1990

(17) FIXED ASSET INVESTMENTS *(Continued)*

(c) The principal subsidiary companies, all of which are wholly owned by UniChem PLC, are.

UniChem (Warehousing) Limited	*– warehousing services to UniChem PLC*
Solar Touriste Limited	*– travel agents*
Neptune Industries Limited	*– manufacture of disposable nappies*

These principal subsidiary companies are incorporated and operate in England.

(18) STOCKS

	The Group		Company	Society
	1990	1989	1990	1989
	£000	£000	£000	£000
Raw materials	403	–	–	–
Finished goods and goods held for resale	61,909	63,791	61,730	63,791
	62,312	63,791	61,730	63,791

(19) DEBTORS

	The Group		Company	Society
	1990	1989	1990	1989
	£000	£000	£000	£000
Trade debtors	103,513	97,325	103,064	96,925
Other debtors	897	4,148	881	4,148
Prepayments and accrued income	3,245	2,097	3,029	1,803
	107,955	103,570	106,974	102,876

Included under trade debtors are debts amounting to £173,000 (1989 £120,000) due after more than one year, being loans and extended credit facilities made available to customers.

Included under prepayments and accrued income is £1,344,000 (1989 £672,000) relating to pension costs chargeable after more than one year.

(20) SUNDRY CREDITORS

	The Group		Company	Society
	1990	1989	1990	1989
	£000	£000	£000	£000
Obligations under finance leases	2,205	1,582	1,939	1,582
Amounts owed to related companies	–	888	–	888
Other creditors	698	1,424	695	1,424
Corporation tax	5,812	9,569	5,805	9,555
Other taxation and social security	5,082	3,506	5,082	3,506
Accruals and deferred income	2,244	3,004	1,759	2,511
Allocations and distributions	11,202	10,948	11,202	10,948
Proposed dividend	1,414	–	1,414	–
	28,657	30,921	27,896	30,414

(21) CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group		Company	Society
	1990	1989	1990	1989
	£000	£000	£000	£000
Bank loans (a)	18,705	16,490	18,355	16,490
Obligations under finance leases (b)	2,434	1,849	1,687	1,849
	21,139	18,339	20,042	18,339

NOTES TO THE ACCOUNTS
for the period from 2nd July, 1990 to 31st December, 1990

(21) CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR *(Continued)*

(a) Bank Loans	The Group		Company	Society
	1990	1989	1990	1989
	£000	£000	£000	£000
Aggregate bank loan instalments repayable				
between one and two years	1,517	–	1,167	–
between two and five years	3,500	3,500	3,500	3,500
in five years or more	13,688	12,990	13,688	12,990
	18,705	16,490	18,355	16,490

The loans are repayable by instalments, which in part are due in more than five years.

On the 2nd January, 1991, one of the loans totalling £7 million was repaid in full. £1,167,000 is disclosed as being repayable between one and two years, £3,500,000 as being repayable between two and five years, and £2,333,000 as being repayable in five years or more.

The remaining loan bears interest at a variable rate which at the period end was 14.95%, with the last instalment due in 2004.

The bank loans are secured by charges on the assets of the group.

(b) Obligations under finance leases	The Group		Company	Society
	1990	1989	1990	1989
	£000	£000	£000	£000
Due between one and two years	1,601	1,142	1,269	1,142
Due between two and five years	1,140	886	643	886
	2,741	2,028	1,912	2,028
Less: finance charges allocated to future periods	(307)	(179)	(225)	(179)
	2,434	1,849	1,687	1,849

(22) PROVISIONS FOR LIABILITIES AND CHARGES

	The Group		Company	Society
	1990	1989	1990	1989
	£000	£000	£000	£000
Provision for reorganisation of subsidiary	11	–	–	–
Deferred taxation	585	471	516	402
	596	471	516	402

Deferred Taxation	The Group		Company	Society
	1990	1989	1990	1989
	£000	£000	£000	£000
At 1st January	471	164	402	95
Uni-Bond release	–	(1,400)	–	(1,400)
Charge for the year	114	1,707	114	1,707
At 31st December	585	471	516	402

NOTES TO THE ACCOUNTS
for the period from 2nd July, 1990 to 31st December, 1990

(22) PROVISIONS FOR LIABILITIES AND CHARGES *(Continued)*

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

	Not dealt with in the accounts		*Dealt with in the accounts*	
	1990	*1989*	*1990*	*1989*
	£000	*£000*	*£000*	*£000*
The Group				
Capital allowances	–	–	*1,148*	*487*
Short term timing differences	–	–	*130*	*(16)*
Chargeable gains deferred by roll-over relief	*40*	*40*	–	–
Development expenditure	–	–	*32*	–
Trading losses carried forward	–	–	*(725)*	–
	40	*40*	*585*	*471*

In addition to the losses utilised in the deferred taxation account, one group company has trading losses for taxation purposes amounting to £1,046,000 available to carry forward for offset against its future trading profits.

	1990	*1989*	*1990*	*1989*
	£000	*£000*	*£000*	*£000*
Company/Society				
Capital allowances	–	–	*439*	*418*
Short term timing differences	–	–	*77*	*(16)*
Chargeable gains deferred by roll-over relief	*16*	*16*	–	–
	16	*16*	*516*	*402*

(23) CALLED UP SHARE CAPITAL

Society	*Issued and fully paid up £000*	*£1 ordinary shares Number*
At 1st January, 1990	*4,768*	*4,767,683*
Movement for the period to conversion day	*(1)*	*(418)*
Shares available for conversion	*4,767*	*4,767,265*

Company	*Issued and fully paid up £000*	*10p ordinary shares Number*
Shares actually converted	*4,755*	*47,545,707*
Share offer on conversion	*1,966*	*19,668,875*
At 2nd July, 1990 (a)	*6,721*	*67,214,582*
Movement for the period from conversion day (b)	*2,702*	*27,019,000*
At 31st December, 1990	*9,423*	*94,233,582*

NOTES TO THE ACCOUNTS
for the period from 2nd July, 1990 to 31st December, 1990

(23) CALLED UP SHARE CAPITAL *(Continued)*

The authorised share capital was set at £14.25 million on conversion

(a) *On 2nd July, 1990 the company issued 67,214,582 shares pursuant to the conversion. The shareholders had the right to convert each of their £1 Industrial and Provident Society shares into ten 10p company shares and on this basis 47,545,707 shares were allotted. At the same time shareholders had the right to apply for an additional five 10p company shares for every twelve company shares that they applied to convert and on this basis 19,668,875 shares were allotted, at par for cash.*

(b) *Between 3rd July and 10th October, 1990 the company issued a further 95,120 shares pursuant to the conversion, in addition to the 26,923,880 new shares offered in the rights issue, on a two for five basis at £1 per share. In the short term, the proceeds of £26,439,000, net of issue expenses, will be used to reduce borrowings and to strengthen the company's balance sheet. In the longer term, the proceeds will aid UniChem in the pursuit of a strategy of expanding the company both through organic growth and through possible acquisitions.*

At 31st December, 1990 there were options outstanding under the company's 1990 savings related share option scheme to subscribe for 3,057,708 shares at a price of 92 pence per share exercisable between 1st November, 1995 and 1st November, 1997. As a result of the rights issue, approval is being sought from the Inland Revenue to amend the subscription price for options granted under this scheme to 85.58 pence per share as agreed with the auditors and consequently, based on the register of option holders at 31st December, 1990, if accepted, there would be options outstanding to subscribe for 3,260,864 shares.

At 31st December, 1990 there were options outstanding under the company's 1990 executive share option scheme to subscribe for 2,640 000 shares at a price of 115 pence per share exercisable between 3rd September, 1993 and 20th September, 2000. As a result of the rights issue, approval is being sought from the Inland Revenue to amend the subscription price for options granted under this scheme to 99.51 pence per share as agreed with the auditors.

At 31st December, 1990 there was an entitlement outstanding under the company's loyalty bonus scheme to 5,755,291 shares. Under the scheme shares will be allotted on 15th November, 1992 to those shareholders who have retained at that date the shares originally allotted to them on 2nd July, 1990 in the ratio of one free bonus share for every ten shares so held, subject to the availability of sufficient reserves to pay up the bonus shares.

So far as is known to the company no shareholder was interested in 3% or more of the issued share capital of the company during 1990 or up to 23rd March, 1991.

NOTES TO THE ACCOUNTS
for the period from 2nd July, 1990 to 31st December, 1990

(24) SHARE PREMIUM ACCOUNT

The share premium account comprises the excess of the nominal value of the 26,923,880 new ordinary shares issued at a premium of 90p per share less the costs of conversion and flotation of £2,447,148.

(25) RESERVES

	The Group		Company	Society
	1990	1989	1990	1989
	£000	£000	£000	£000
Capital Reserve (a)	9	–	–	–
Profit and Loss Account (b)	49,775	40,993	49,063	40,505
	49,784	40,993	49,063	40,505

(a) Capital Reserve

The capital reserve arose on consolidation of a subsidiary company.

(b) Profit and Loss Account

	The Group		Company	Society
	1990	1989	1990	1989
	£000	£000	£000	£000
At 1st January	40,993	32,964	40,505	33,145
Retained profit for period to conversion	4,132	8,029	4,139	7,360
Transferred on 2nd July, 1990	45,125	40,993	44,644	40,505
Retained profit for period from conversion	4,650	–	4,419	–
At 31st December	49,775	40,993	49,063	40,505

(26) PENSIONS

(a) Defined Benefit Scheme

The total pension cost for the Group Scheme was £1,212,000 (1989 £1,137,000). This includes £255,000 (1989 ,000) in respect of the spreading of the experience deficit that is being recognised for accounting purposes over a twenty year period ending in 2008. This deficit is the principal reason for the increase in total pension costs.

Pension costs are assessed in accordance with the advice of professionally qualified actuaries using the projected unit method. Actuarial valuations of the pension scheme are performed periodically, but with at least one every three years. The most recent such valuation was made as at 1st January, 1989, and the assumptions which had the most significant effect on the results of this valuation were as follows:

	% per annum
Average increase in salaries	7
Discount rate	9
Dividend yield from equity investment	4.5

At the date of the actuarial valuation, the total actuarial value of the scheme assets was sufficient to cover 80.8% of the benefits which had accrued to pension scheme members after allowing for future increases in earnings. This deficit is being eliminated for funding purposes by an increased payment of £927,000 per year in the employer's contributions payable for each of the three years to 31st December,1991.

£1,344,000 (1989 £672,000) is included within debtors being the excess of the cumulative amounts paid over the accumulated pension cost.

The total market value of pension scheme assets was £9,026,000 as at the date of the actuarial valuation.

NOTES TO THE ACCOUNTS

for the period from 2nd July, 1990 to 31st December, 1990

(26) PENSIONS *(Continued)*

(b) Defined Contribution Scheme

One Group company operates a defined contribution pension scheme. Pension costs are charged to the profit and loss account as they are payable which for the period were £15,000 (1989 £nil). Included in other creditors is an amount of £3,000 in respect of outstanding contributions.

(27) OTHER FINANCIAL COMMITMENTS

At 31st December, 1990 the Group had the following commitments payable within one year under operating leases expiring:

	Land and buildings	*Other*
	£000	*£000*
within one year	5	63
between two and five years	29	234
in five years or more	670	–
	704	297

(28) CONTINGENT LIABILITIES

The Company has guaranteed bank loans of £81.7 million (1989 £69.9 million) to third parties for the financing of pharmacy businesses and has given other guarantees on behalf of Group companies of £995,000 (1989 £2,941,000).

(29) POST BALANCE SHEET EVENT

UniChem exercised an option on 14th January, 1991 to acquire 44,200 shares in PAG Pharma-Holding AG ("PAG"), representing approximately 17 per cent of PAG's enlarged issued share capital, at a price of DM 280 per share, being a total consideration of DM 12,376,000 (equivalent to £4,218,132 at the exchange rate of DM 2.934 : £1 being the relevant exchange rate when the option was exercised). The consideration for the PAG shares will be satisfied by the allotment of 3,636,320 UniChem shares once the requirements of German law are satisfied.

UNICHEM PLC *and subsidiaries*
SOURCE AND APPLICATION OF FUNDS
for the period 2nd July, 1990 to 31st December, 1990

		Pro Forma Accounts for the year ended 31st December	
SOURCE OF FUNDS	*1990**	*1990*	*1989*
Profit on ordinary activities	*£000*	*£000*	*£000*
before taxation and extraordinary item	*9,173*	*16,350*	*14,458*
Extraordinary item before taxation	*–*	*–*	*(643)*
	9,173	*16,350*	*13,815*
Items not involving the movement of funds:			
Depreciation, finance charges on finance leases, and profit/loss on disposal of fixed assets	*2,349*	*4,305*	*3,220*
Net loss of related companies	*–*	*145*	*28*
FUNDS GENERATED FROM OPERATIONS	*11,522*	*20,800*	*17,063*
FUNDS FROM OTHER SOURCES			
Shares issued, less withdrawn	*28,888*	*28,887*	*2,066*
Loans drawndown (a)	*–*	*2,215*	*3,455*
Finance leases entered into (a)	*1,511*	*3,417*	*1,558*
Disposal of fixed assets	*52*	*140*	*400*
Disposal of related company	*–*	*110*	*–*
	41,973	*55,569*	*24,542*
APPLICATION OF FUNDS			
Distributions paid	*–*	*1,528*	*1,200*
Capital expenditure (a)	*2,182*	*9,814*	*7,258*
Investment in related companies	*–*	*–*	*350*
Payments under finance leases	*1,545*	*2,674*	*2,422*
Repayment of loans	*2,000*	*–*	*310*
Taxation paid	*2,359*	*5,452*	*123*
Release of Uni-Bond reserve	*–*	*–*	*4,000*
Costs of conversion and flotation	*1,622*	*2,448*	*–*
	9,708	*21,916*	*15,663*
INCREASE IN WORKING CAPITAL	*32,265*	*33,653*	*8,879*
Applied as follows:			
Increase/(decrease) in stocks (a)	*(590)*	*(1,479)*	*3,892*
Increase/(decrease) in debtors (a)	*(2,753)*	*8,085*	*10,558*
Decrease/(increase) in creditors (a)	*1,231*	*1,950*	*(8,342)*
	(2,112)	*8,556*	*6,108*
Movement in net liquid funds	*34,377*	*25,097*	*2,771*
	32,265	*33,653*	*8,879*

** See note 1 to the Accounts.*

NOTES TO THE ACCOUNTS
for the period from 2nd July, 1990 to 31st December, 1990

(a) The statement of source and application of funds includes in the categories marked the following figures, under "Net Assets acquired", which summarise the effects of the acquisition of Neptune Industries Limited, a previously related company:

Net Assets acquired	£000	Discharged by	£000
Loans	*(2,350)*	*Investment in related company*	*518*
Finance leases	*(1,122)*	*Consideration receivable*	*(250)*
Fixed assets	*3,513*	*Provision for reorganisation costs*	*460*
Stocks	*1,048*	*Capital reserve*	*9*
Debtors less creditors	*343*		
Bank overdraft	*(695)*		
	737		*737*

UNICHEM PLC *and Subsidiaries*
REPORT OF THE AUDITORS

to the Members of UniChem PLC

We have audited the financial statements on pages 22 to 40 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 31st December, 1990 and of the profit and source and application of funds of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

As explained in note 1, the pro forma accounts incorporated within these financial statements for the year ended 31st December, 1989 have been extracted from the accounts of the Industrial and Provident Society, of that period. The pro forma profit and loss account for the year ended 31st December, 1990 incorporates the results of the Industrial and Provident Society for the six months to 2nd July, 1990. The accounts of the Society for the year ended 31st December, 1989 and for the six months ended 2nd July, 1990 carried an unqualified audit opinion.

TOUCHE ROSS & CO
Chartered Accountants

Friary Court,
65 Crutched Friars,
London EC3N 2NP

23rd March, 1991.

UNICHEM PLC *and subsidiaries*

GROUP RESULTS FIVE YEAR SUMMARY

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Years ended 31st December				
	1986	1987	1988	1989	1990
	£000	£000	£000	£000	£000
Turnover	492,636	544,642	711,106	783,110	873,349
Cost of sales	(461,652)	(510,922)	(670,564)	(737,256)	(821,877)
Gross profit	30,984	33,720	40,542	45,854	51,472
Administrative expenses	(24,119)	(26,306)	(28,624)	(32,160)	(33,953)
	6,865	7,414	11,918	13,694	17,519
Other operating income	1,813	1,942	1,708	1,800	1,787
Operating profit	8,678	9,356	13,626	15,494	19,306
Net share of results of related companies	-	(98)	(412)	(28)	(145)
Interest receivable	27	143	388	1,512	980
Interest payable	(2,589)	(2,010)	(2,228)	(2,520)	(3,791)
Profit on ordinary activities before taxation	6,116	7,391	11,374	14,458	16,350
Tax on profit on ordinary activities	(709)	(2,813)	(4,169)	(5,093)	(5,735)
Profit on ordinary activities after taxation	5,407	4,578	7,205	9,360	10,615
Extraordinary items	-	-	(770)	(418)	-
Profit after taxation and extraordinary items	5,407	4,578	6,435	8,942	10,615

SHAREHOLDER INFORMATION

1991 FINANCIAL CALENDAR

25th March	1990 final profit and proposed final dividend announced
16th May	Annual general meeting
1st July	1990 final dividend paid to shareholders registered on 31st May 1991
19th September	1991 half year profit and interim dividend announced
2nd January 1992	1991 interim dividend paid to shareholders registered on 29th November 1991

SHARELINE

For UniChem's 'real-time' share price phone 0898 500504

In addition to the share price the commentary will supply you with information on the company and a stock market summary. Calls are charged at 34 pence per minute cheap rate and 45 pence at all other times.

CAPITAL GAINS TAX

Prior to July 1990 UniChem shares were those of an Industrial and Provident Society and by virtue of Section 113(1) of the Finance Act 1988 the capital gains tax indexation provisions do not apply. UniChem has been advised that the conversion itself will be regarded by the Inland Revenue as a re-organisation of UniChem's share capital.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the first annual general meeting of UniChem PLC will be held at UniChem House, Cox Lane, Chessington, Surrey on Thursday 16th May 1991 starting at 12.00 noon for the following purposes:

ORDINARY BUSINESS

1. To receive the reports of the directors and auditors and the audited accounts for the period ended 31st December 1990.

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

   To appoint as directors those retiring by rotation under the Articles of Association of the company and who, being eligible, offer themselves for re-election:

3. Mr. J. F. Harris

4. Mr. D. R. Walker

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

6. To consider and if thought fit pass the ordinary resolution that 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 1996 or, if earlier 15th May 1996, any power of the company to allot and grant rights to subscribe for or convert securities into relevant securities of the company up to an aggregate nominal value of £4,826,641, and the directors may, after that period allot any relevant securities or grant any such right under this authority in pursuance of an offer or agreement made by the company within that period. This authority shall replace the existing authority given to the directors under the Articles of Association of the company.

7. To consider and if thought fit pass the special resolution that the directors be and 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 1992 or, if earlier

15th August 1992, 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 any such 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 maybe) to the respective members 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 £471,167, save that the company may, before the date upon which the authority conferred by this resolution expires, make an offer or agreement which would or might require equity securities to be allocated after that date and the directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

SPECIAL BUSINESS

8. To consider and if thought fit pass the ordinary resolution that the directors be authorised to amend:

(a) the rules of the UniChem Savings Related Share Option Scheme 1990 by deleting the words "(including any open offer)" in rule 4.4 and rule 9; and,

(b) the rules of the UniChem Executive Share Option Scheme 1990 by

(1) deleting the words "(including any open offer)" in rule 4.3 and in rule 9, and

(2) adding "5.5" between "5.1" and "6" in rule 11.1 (a)

By Order of the Board

A.J Goodenough
Company Secretary 23rd April 1991

Your attention is drawn to the notes to this notice.

NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING

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

2. Shareholders who are COMPANIES ("corporations") and who wish to be represented at the meeting by a person or persons with their 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.

3. 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 2 above).

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 6 and 8 are ordinary resolutions which shall be decided by a majority of the votes cast while item 7 is 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. Copies of all service contracts between the directors and the company and copies of 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 interests 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 5 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 15.

ITEM 3

Jeffery Francis Harris, B.Sc., F.C.A. (aged 43) is finance director of UniChem. He worked as a Chartered Accountant with Turquands Barton Mayhew & Co and Spicer and Pegler for 14 years, joined UniChem Limited as Chief Accountant in 1985 and was appointed to the board of UniChem in 1986.

ITEM 4

David Raymond Walker, M.B.C.S., M.B.A., (aged 45) is management services director of UniChem. He was chief systems analyst with West Sussex County Council before joining UniChem Limited in 1973 as data processing manager. He was appointed to the board of UniChem in 1979.

ITEM 5

Touche Ross & Co. merged their practice with Spicer and Oppenheim on 20th August, 1990 and now practise in the name of Touche Ross & Co. in which name the audit report has been signed. 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 6 and 7 as ordinary business and item 8 as special business. The explanations for these resolutions are set out below.

ITEM 6

Under the Articles of Association the directors have the power to allot the unissued shares of the company until the 2nd July 1995. The directors have decided to seek your approval to replace this authority with a new power that lasts for 5 years, the maximum period allowed under the Companies' Acts. The aggregate nominal value of shares that may be allotted under this authority is limited to £4,826,641 (being the same as the nominal value of the unissued ordinary share capital at the 23rd March 1991). In accordance with the Introduction and Rights Issue document dated 8th November 1990 no material issue of shares other than to shareholders pro-rata to their exisiting shareholdings will take place prior to the 8th November 1991. 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 7

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 £471,167 (being 5% of the nominal value of the issued ordinary share capital at the 23rd March 1991).

ITEM 8

As part of the arrangements for the introduction of its ordinary shares to the official list of The International Stock Exchange of Great Britain and Ireland the company was required to make certain amendments to its share option schemes. Under the rules of the share option schemes your approval and the approval of the Inland Revenue is required before these amendments may be incorporated into the schemes.