

Sangers (Northern Ireland) Limited

Directors' report and financial statements

Year ended 30 September 2010

Company registration number NI18941

28 FEB 2011

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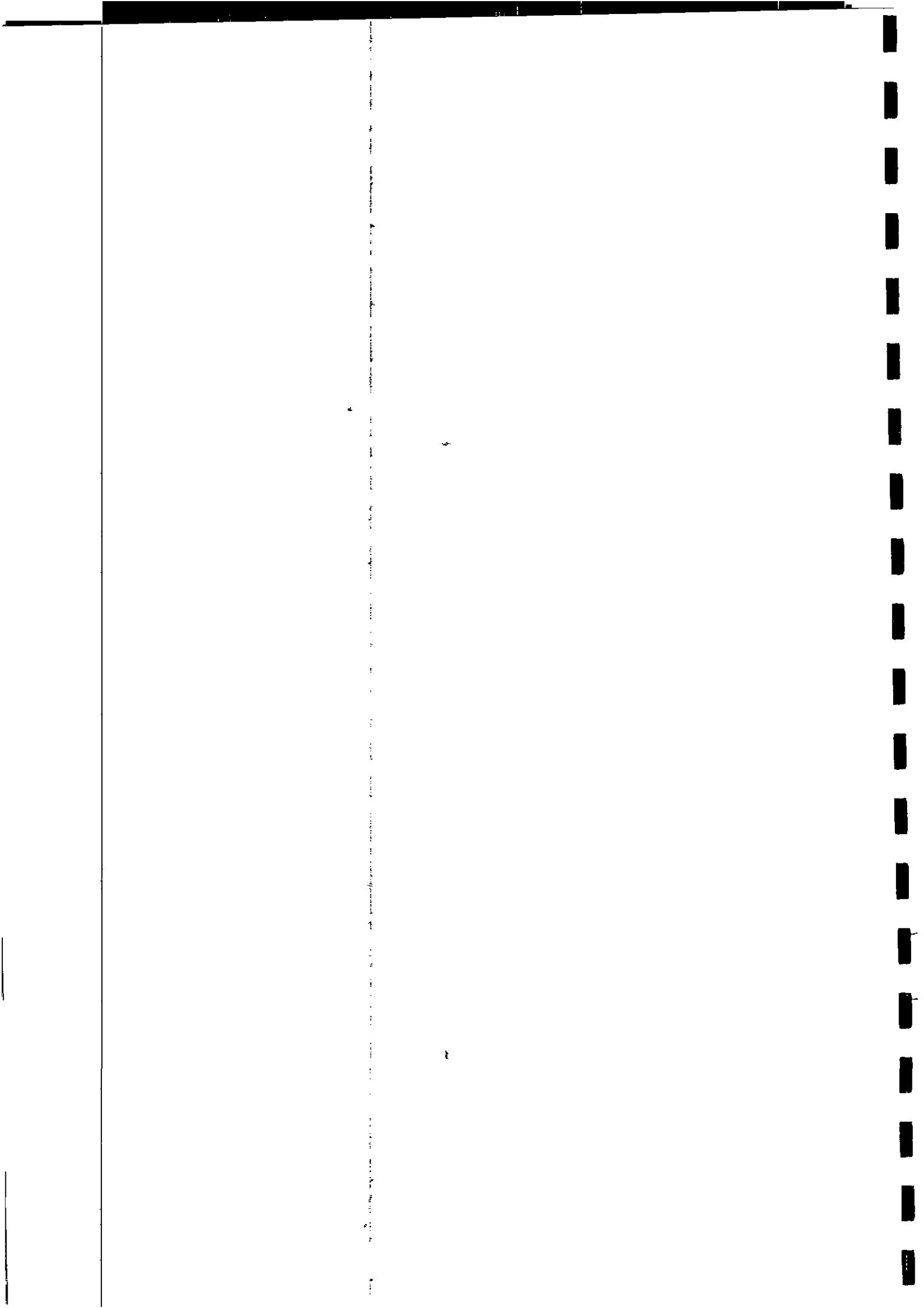
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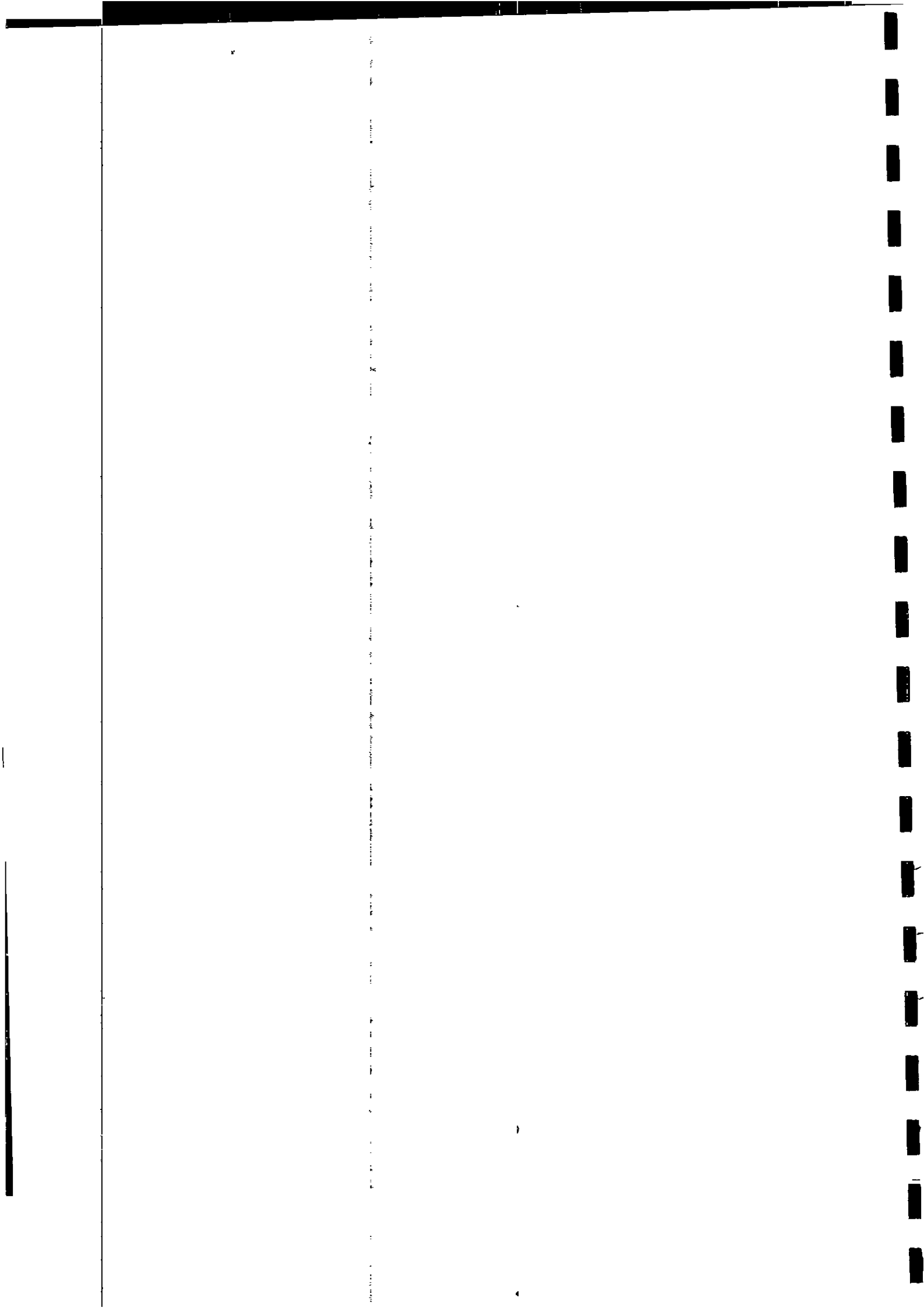
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Sangers (Northern Ireland) Limited

Directors' report and financial statements

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Sangers (Northern Ireland) Limited

Directors and other information

Directors

E Bleakley
L Fitzgerald
D Jackson
R D Kells OBE
P Lemon
J Malcolm
N Meier
A Ralph
P R Surgenor

Secretary

P R Surgenor

Registered office

2 Marshalls Road
Belfast
BT5 6SR

Solicitors

Elliot Duffv Garrett
Rovston House
34 Upper Queen Street
Belfast

Bankers

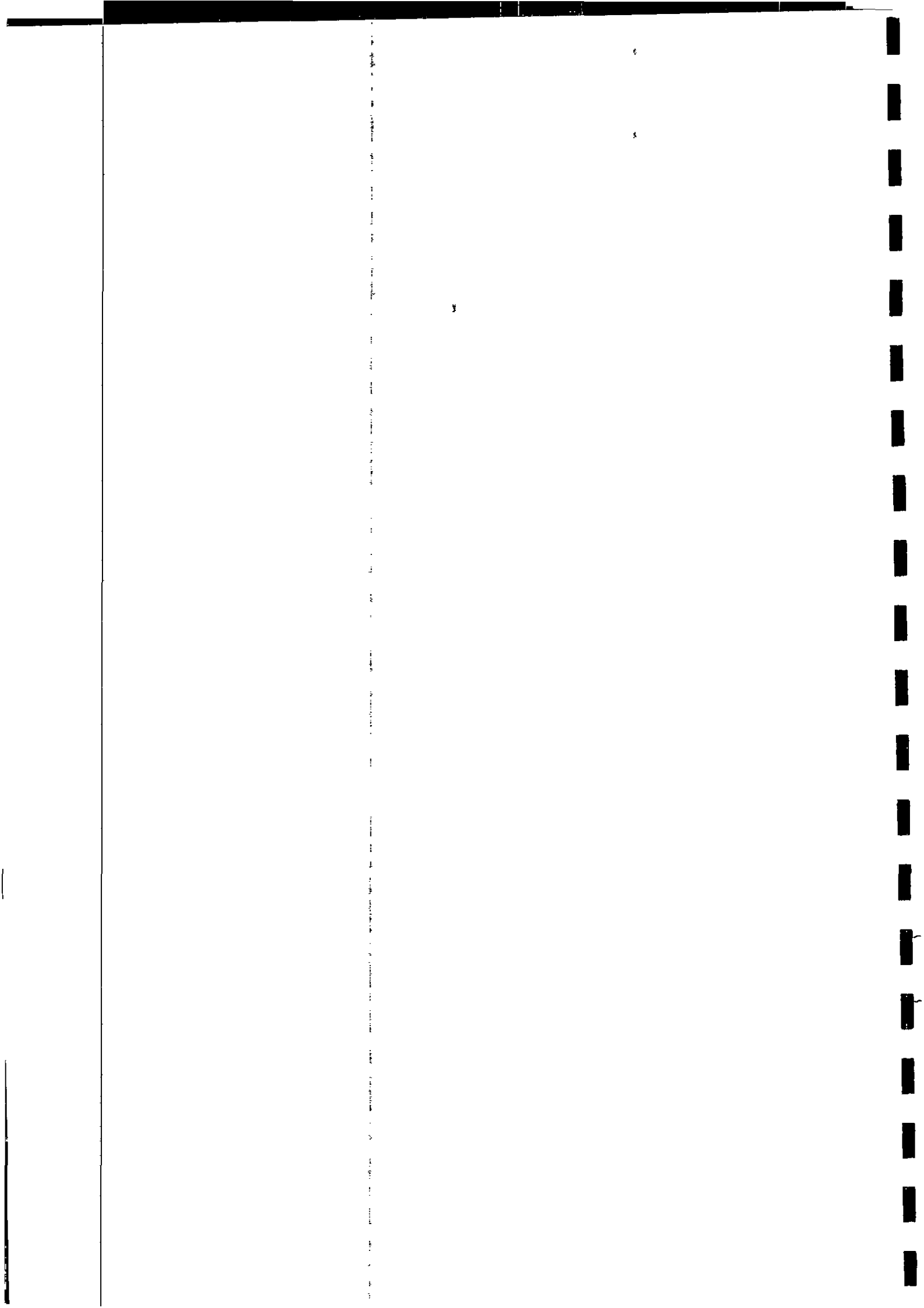
Northern Bank
520 Upper Newtownards Road
Belfast
BT4 3HD

Auditors

KPMG
Stokes House
17/25 College Square East
Belfast

Company registration number

NI 18941



Sangers (Northern Ireland) Limited

Directors' report

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30 September 2010

Principal activities and business review

The principal activities of the Company during the year continued to be the wholesale and distribution of pharmaceutical and over the counter products

The results for the Company show a pre tax profit of £4 702 189 (2009 £3 510 713) Dividends of £2 000 000 were paid during the period (2009 £5 000 000)

Future outlook

The Directors consider that both the results for the year and trading prospects are satisfactory and it is the Directors' intention to develop the present activities of the Company

Principal risks and uncertainties

The Company has a comprehensive system of risk management and internal controls

Risk management is an integral part of the Company's business process. A detailed risk register is maintained and plans to address the identified risks are updated and reviewed by the executive Directors on a regular basis

The risks and uncertainties which are currently judged to have the largest impact on the Company's performance are noted below

The Company faces competition in its various markets and if it fails to compete successfully market share and profitability may decline

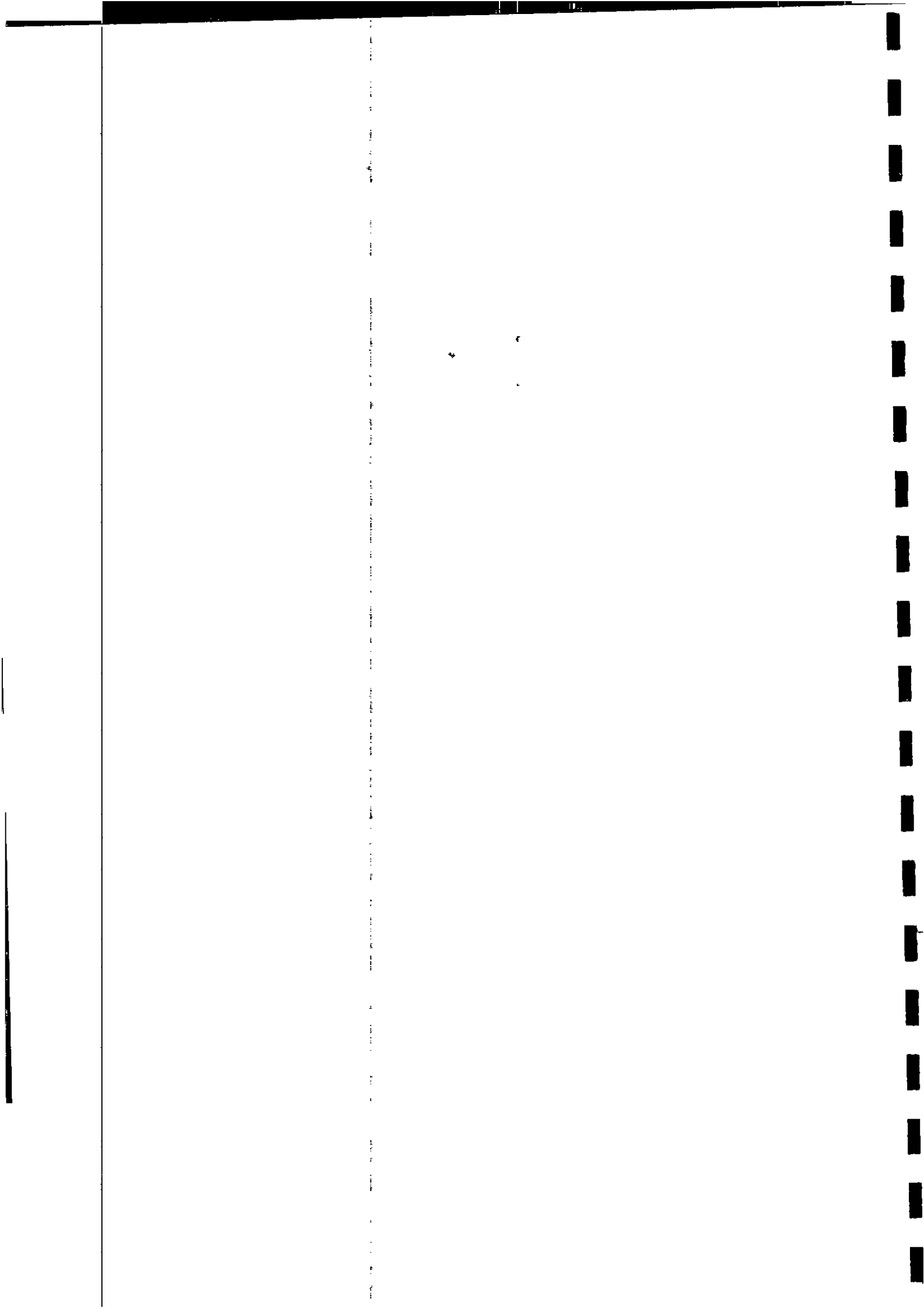
Distribution of third party products by the Company is currently by agreement. There is no certainty that these agreements will be renewed when they expire which could lead to declines in sales and profitability

Changes in government regulations in the healthcare and pharmaceutical sector may adversely affect the Company

Should the Company not be able to fulfil the demand for its products due to circumstances such as the loss of a storage facility or disruptions to its supply chains sales volumes and profitability could be affected

The Company's IT facilities could be subject to hacking or viruses which could result in downtime which in turn could lead to declines in sales and profitability

The success of the Company is built upon a strong effective management team committed to achieving a superior performance. The loss of key personnel could for a time have a significant impact on business performance



Sangers (Northern Ireland) Limited

Directors' report *(continued)*

Key performance indicators

Given the straightforward nature of the business the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development performance or position of the business

Financial risk management

The management of the financial risks facing the Company is governed by policies reviewed and approved by the Board of Directors. These policies primarily cover liquidity risk, credit risk, interest rate risk and currency risk. The primary objective of the Company's policies is to minimise financial risk at reasonable cost. The Company does not trade in financial instruments. The Company uses cash resources and borrowings at prevailing rates to finance its operations. Trade debtors and creditors arise directly from operations on normal terms. The Company's exposure to price risk of financial instruments is therefore minimal.

The Company ensures that it has sufficient financing facilities available through cash flow generated from operating activities and banking facilities to meet its projected short and medium term funding requirements and avails of market interest rates. It has not entered into any long term borrowing arrangements.

The majority of the Company's activities are conducted in sterling, with the amount of trade in other currencies being minimal. Therefore the currency risk to the Company is minimal.

Fixed assets

In the Directors' opinion, the market value of the freehold premises is not materially different from the historical value shown in the financial statements.

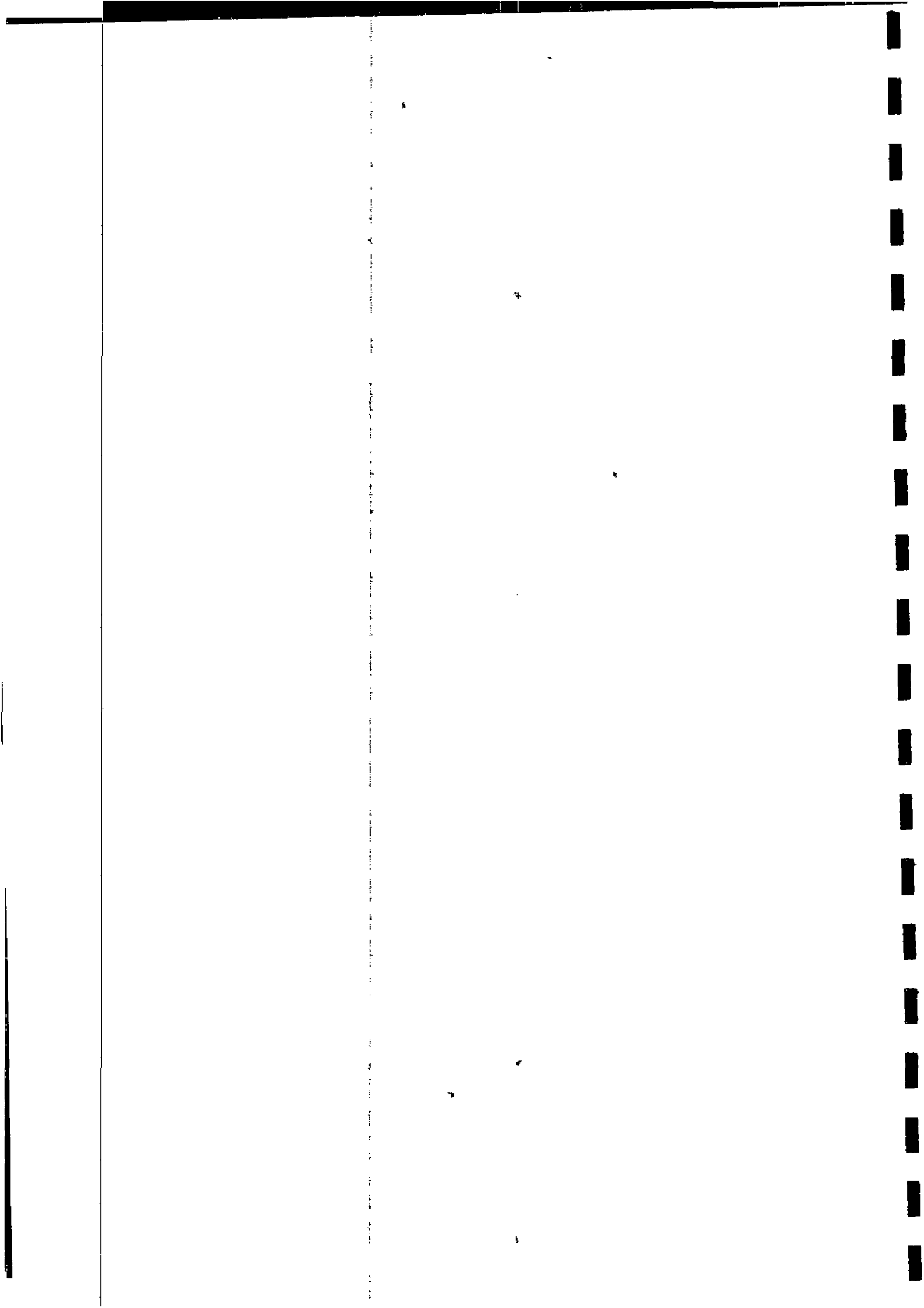
Payments to suppliers

Company policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction, to ensure suppliers are made aware of these terms and to abide by them. At 30 September 2010, the Company's level of creditor days amounted to 48 days (2009: 49 days).

Directors

The Directors who held office during the year were

E Bleakley
L Fitzgerald
D Jackson
R D Kells OBE
P Lemon
J Malcolm
N Meier
A Ralph
P R Surgenor



Sangers (Northern Ireland) Limited

Directors' report *(continued)*

Directors' interests

None of the Directors had a material interest at any time during the year in any contract of significance in relation to the Company's business or any other material interest required by law to be disclosed in any transaction or arrangement with the Company.

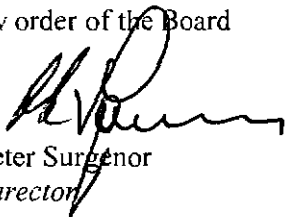
Disclosure of information to auditors

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

Auditors

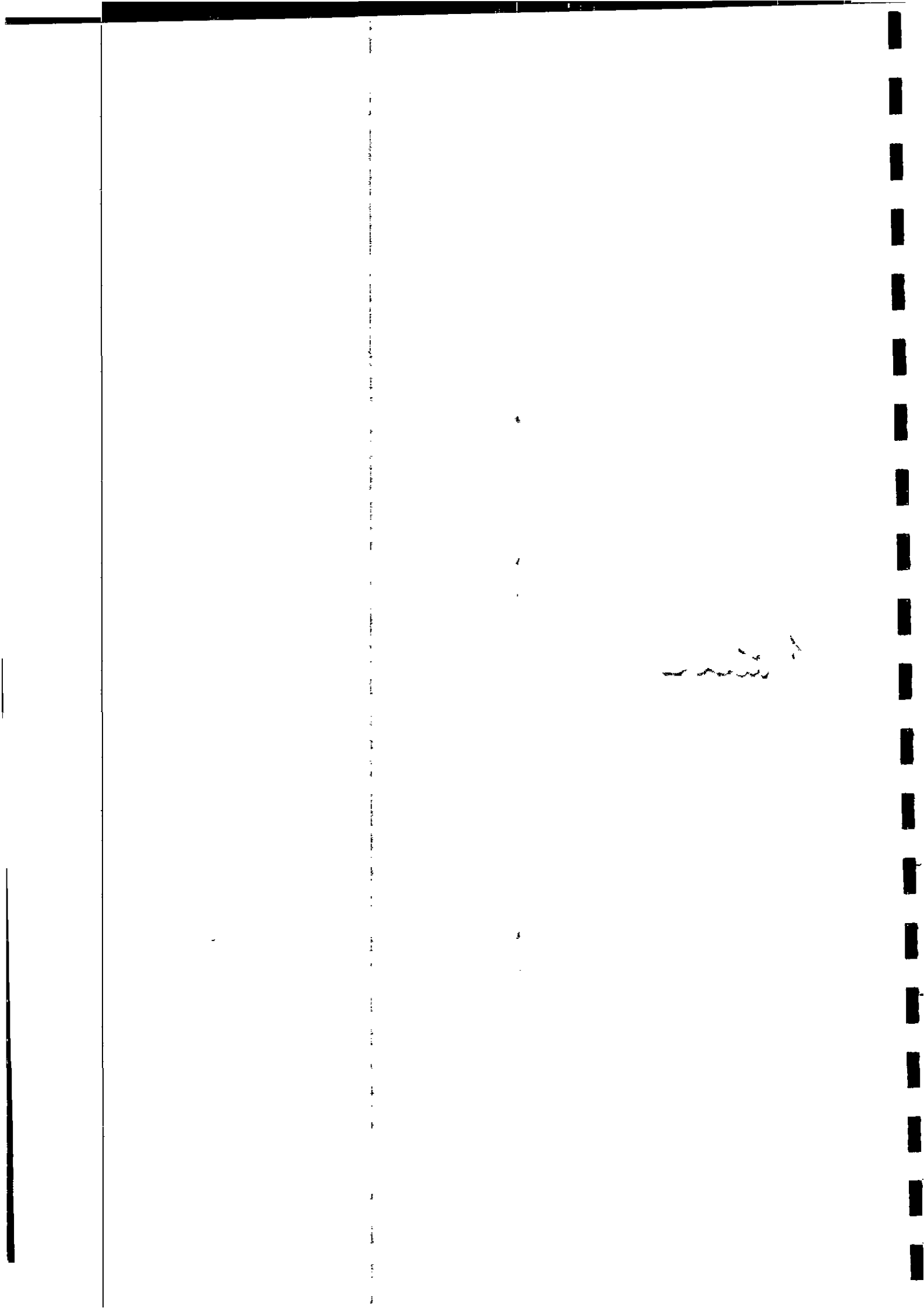
Pursuant to Section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and KPMG will therefore continue in office.

By order of the Board



Peter Surgenor
Director

23 February 2011



Sangers (Northern Ireland) Limited

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

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

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

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 judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

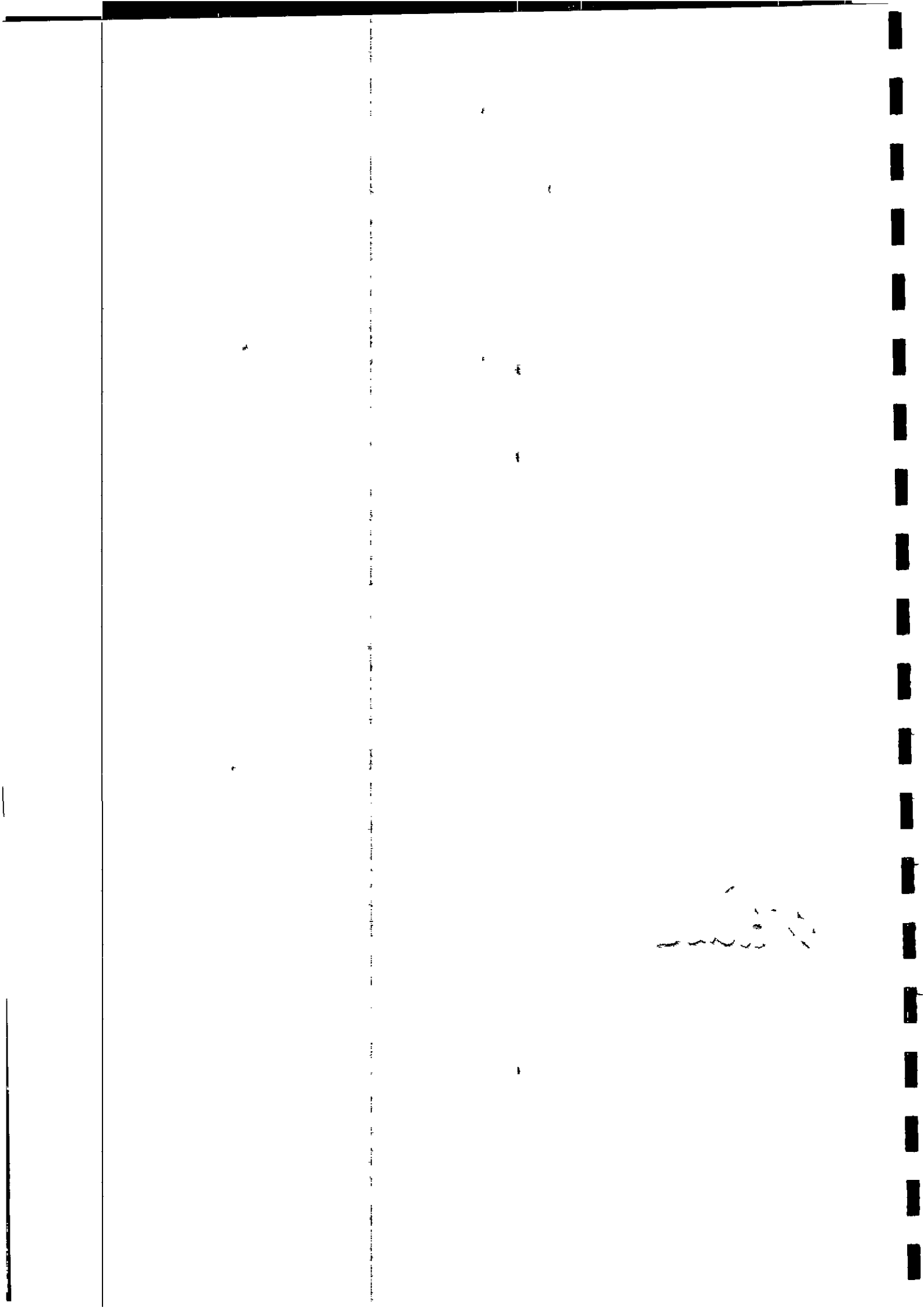
Under applicable law the directors are also responsible for preparing a Directors' report that complies with that law

On behalf of the Board



Peter Surgenor
Director

23 February 2011





KPMG
Chartered Accountants
Stokes House
17 25 College Square East
Belfast BT1 6DH
Northern Ireland

Independent auditors report to the members of Sangers (Northern Ireland) Limited

We have audited the financial statements of Sangers (Northern Ireland) Limited for the year ended 30 September 2010 which comprise the profit and loss account the balance sheet statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable by law and United Kingdom accounting standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 5 the Directors are responsible for preparing the financial statements and for being satisfied that they give a true and fair view.

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

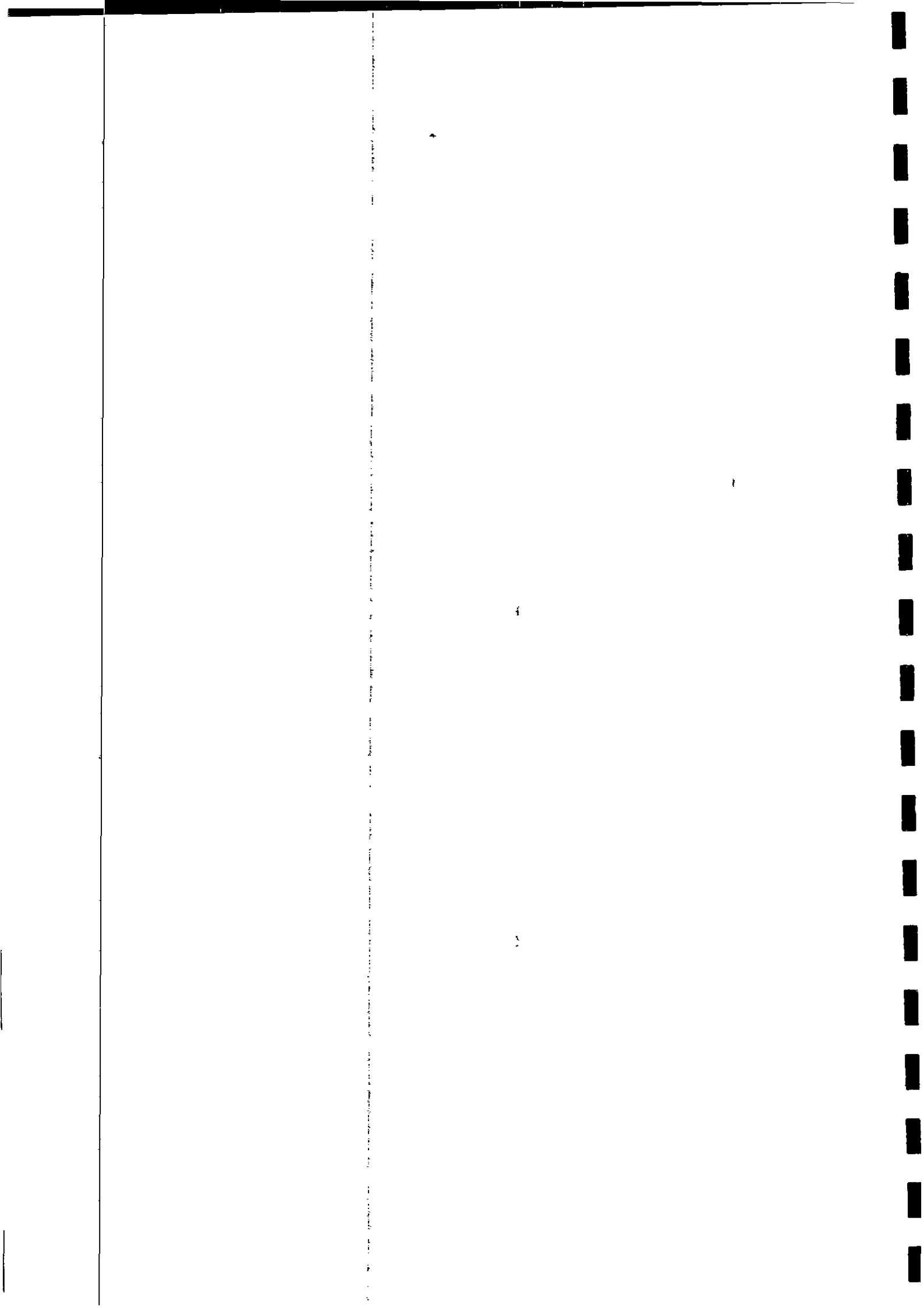
Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the Directors and the overall presentation of the financial statements. Further details of the scope of an audit of financial statements are provided on the Auditing Practices Board's website at <http://www.apb.org.uk/apb/scope>

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2010 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006





KPMG
Chartered Accountants
Stokes House
17-25 College Square East
Belfast BT1 6DH
Northern Ireland

Independent auditors report to the members of Sangers (Northern Ireland) Limited

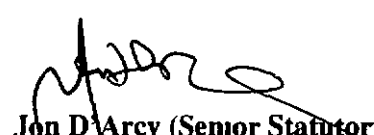
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors report is consistent with the financial statements

Matters on which we are required to report by exception

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

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


Jon D'Arcy (Senior Statutory Auditor)
For and on behalf of KPMG Statutory Auditor
Stokes House
17-25 College Square East
Belfast
BT1 6DH

23 February 2011

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Sangers (Northern Ireland) Limited

Profit and loss account

Year ended 30 September 2010

	Note	2010 £	2009 £
Turnover – continuing operations	2	213 988 221	199 848 741
Cost of sales		(201 543,160)	(188 147 951)
Gross profit		12,445,061	11 700 790
Distribution costs		(1 760 758)	(2 052 832)
Administrative expenses		(8 319 380)	(7 386 739)
Other operating income		2 308 964	2 100 687
Operating profit – continuing operations	4	4 673 887	4 361 906
Interest receivable and similar income	3	1 097 008	1 327 674
Other finance income	3	662 000	604 000
Interest payable and similar charges	3	(1 063 706)	(2 184 847)
Other finance costs	3	(667,000)	(598 000)
Profit on ordinary activities before taxation		4 702 189	3 510 733
Tax on profit on ordinary activities	5	(1 229 306)	(498 978)
Profit for the financial period	15	3 472 883	3 011 755

There is no material difference between the Company's results as reported and on a historical cost basis for the period and the previous year. Accordingly, no note of historical cost profits and losses has been prepared.

The notes on pages 11 to 31 form part of these financial statements.

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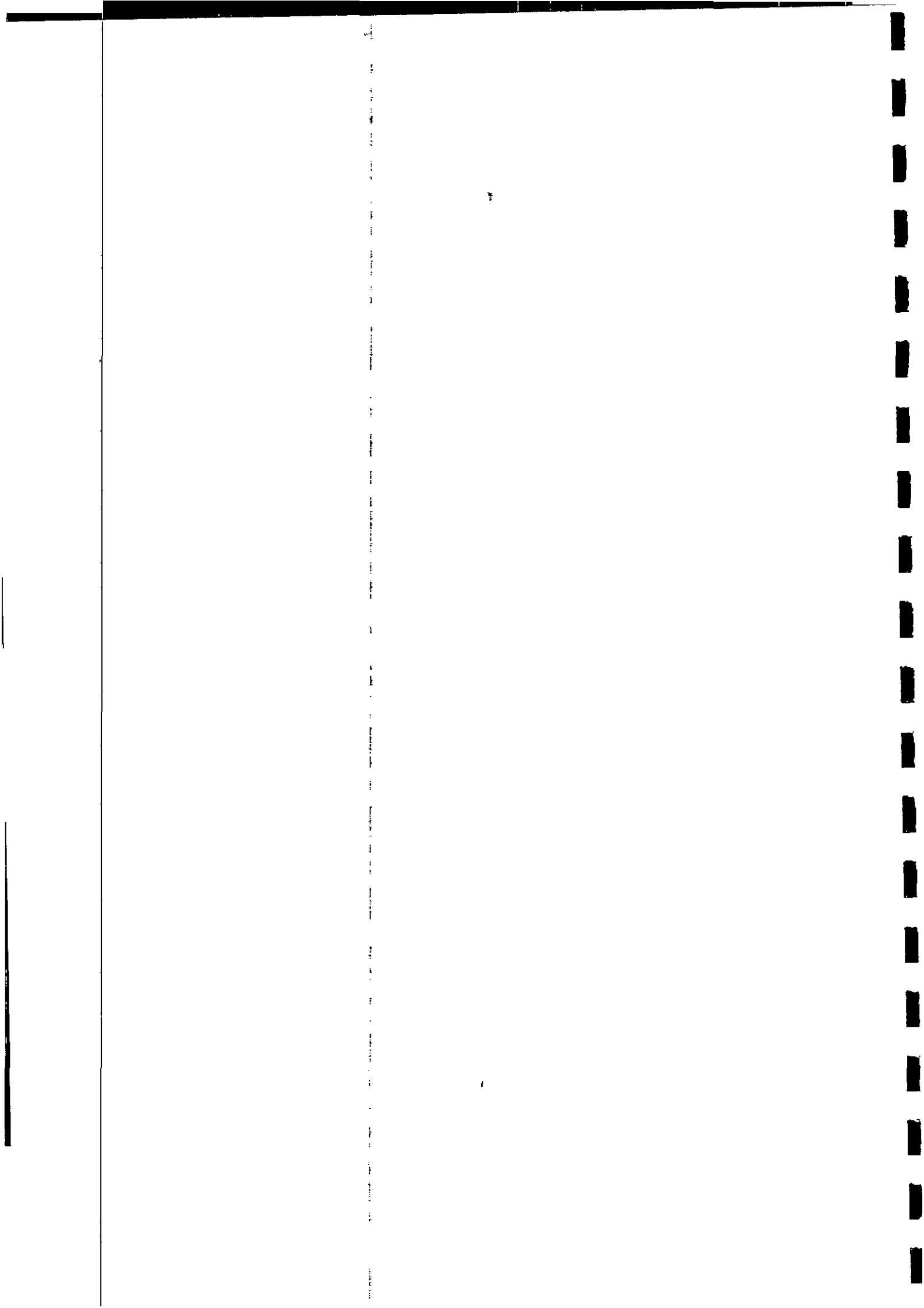
Sangers (Northern Ireland) Limited

Statement of total recognised gains and losses

Year ended 30 September 2010

	2010 £	2009 £
Profit for the financial year	3,472,883	3 011 755
Actuarial loss on pension scheme	(1,174 000)	(3 537 000)
Related deferred tax	329 000	990 360
Total recognised gains for the year	2 627 883	465 115

The notes on pages 11 to 31 form part of these financial statements



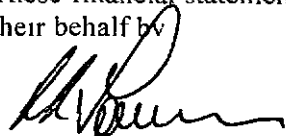
Sangers (Northern Ireland) Limited

Balance sheet

At 30 September 2010

	Note	2010 £	2009 £
Fixed assets			
Intangible assets	7	69 126	76 532
Tangible assets	8	8,031 136	8 317 830
Investments	9	978 406	978 406
		<u>9 078 668</u>	<u>9 372 768</u>
Current assets			
Stocks	10	11 480 231	10 398 396
Debtors	11	50 534 915	51 414 218
Cash at bank and in hand		10 447 973	5 882 069
		<u>72 463 119</u>	<u>67 694 683</u>
Creditors Amounts falling due within one year	12	(70 753 098)	(67 688 009)
		<u>1 710 021</u>	<u>6 674</u>
Net current assets			
		<u>10 788,689</u>	<u>9 379 442</u>
Net assets excluding pension liabilities			
Pension liabilities			
Total of defined benefit schemes with net liabilities	19	(2,577 880)	(1 836 880)
		<u>8 210,809</u>	<u>7 542 562</u>
Net assets including pension liabilities			
		<u>8 210,809</u>	<u>7 542 562</u>
Capital and reserves			
Called up share capital	14	100	100
Capital contribution	16	343,856	303 492
Profit and loss account	15	7 866,853	7 238 970
		<u>8 210,809</u>	<u>7 542 562</u>
Shareholders' funds	17		
		<u>8 210,809</u>	<u>7 542 562</u>

These financial statements were approved by the Board of Directors on 23 February 2011 and signed on their behalf by


Peter Surgenor
Director

Company registration number NI18941

The notes on pages 11 to 31 form part of these financial statements

Sangers (Northern Ireland) Limited

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The Company has applied the transitional rules contained within FRS 15 'Tangible fixed assets' to retain previous valuations as the basis on which certain assets are held.

Under Financial Reporting Standard No. 1 the Company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Consolidated financial statements

The Company does not prepare consolidated financial statements as consolidated financial statements are prepared by the parent undertaking, United Drug plc, of which the Company is a 100% subsidiary undertaking.

Going concern

The directors consider, having taken into account all the information that could reasonably be expected to be available, that the Company will have sufficient cash flow to enable it to meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Company's financial statements.

Turnover

Turnover is stated net of trade discounts, value added tax and similar taxes and derives from the provision of goods falling within the Company's ordinary activities.

Goodwill

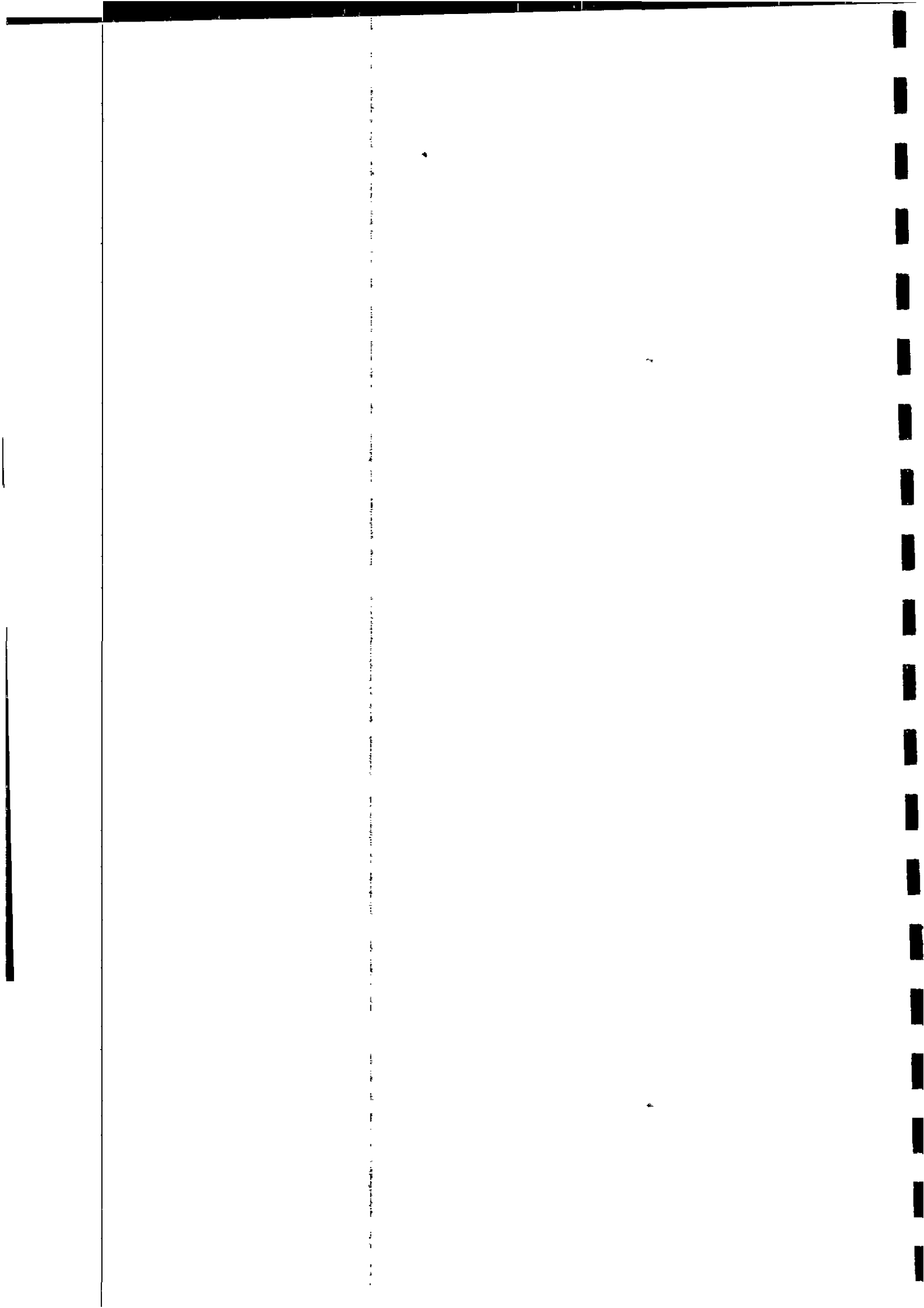
Goodwill is the difference between the fair value of the consideration given on the acquisition of a business and the aggregate fair value of the separate net assets acquired.

Goodwill arising on acquisitions prior to 31 December 1997 was either set off directly against reserves or amortised through the profit and loss account over the directors' estimate of its useful life. (In all cases this was deemed to be less than 20 years). Goodwill previously eliminated against reserves has not been reinstated on implementation of Financial Reporting Standard No. 10.

In all other cases goodwill is being amortised through the profit and loss account in equal instalments over its estimated economic life of up to a maximum of 20 years on a straight line basis.

Goodwill is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill, whether written off directly to reserves or amortised through the profit and loss account, is taken into consideration when that part of the business which caused the initial entry is subsequently sold or closed, in determining the profit or loss on the disposal.



Sangers (Northern Ireland) Limited

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets

Land and buildings

Land and buildings are stated at cost. The company has adopted the transitional arrangements under FRS 15 'Tangible fixed assets' and has decided to retain the carrying value of land and buildings at the existing valuation figure. A review of the carrying value of land and buildings will continue to be undertaken every five years with any impairment in value recognised in the year. Freehold land and buildings are depreciated over their expected useful life of 50 years.

Other fixed assets and depreciation

All other tangible fixed assets are initially recorded at historic cost.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	10%	20%
Motor vehicles	20%	25%

The interest cost incurred on land and buildings during their development is capitalised and included within the cost of the relevant asset where the purchase is financed by specific borrowings.

Investments

Investments are shown at cost less provision for permanent diminution in value. Income from investments together with any related tax credit is recognised in the profit and loss account in the year in which it is receivable.

Stock

Stocks are valued at the lower of current replacement cost and net realisable value. Current replacement cost does not differ materially from historic cost.

Taxation

The charge for taxation is based on the profit/loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

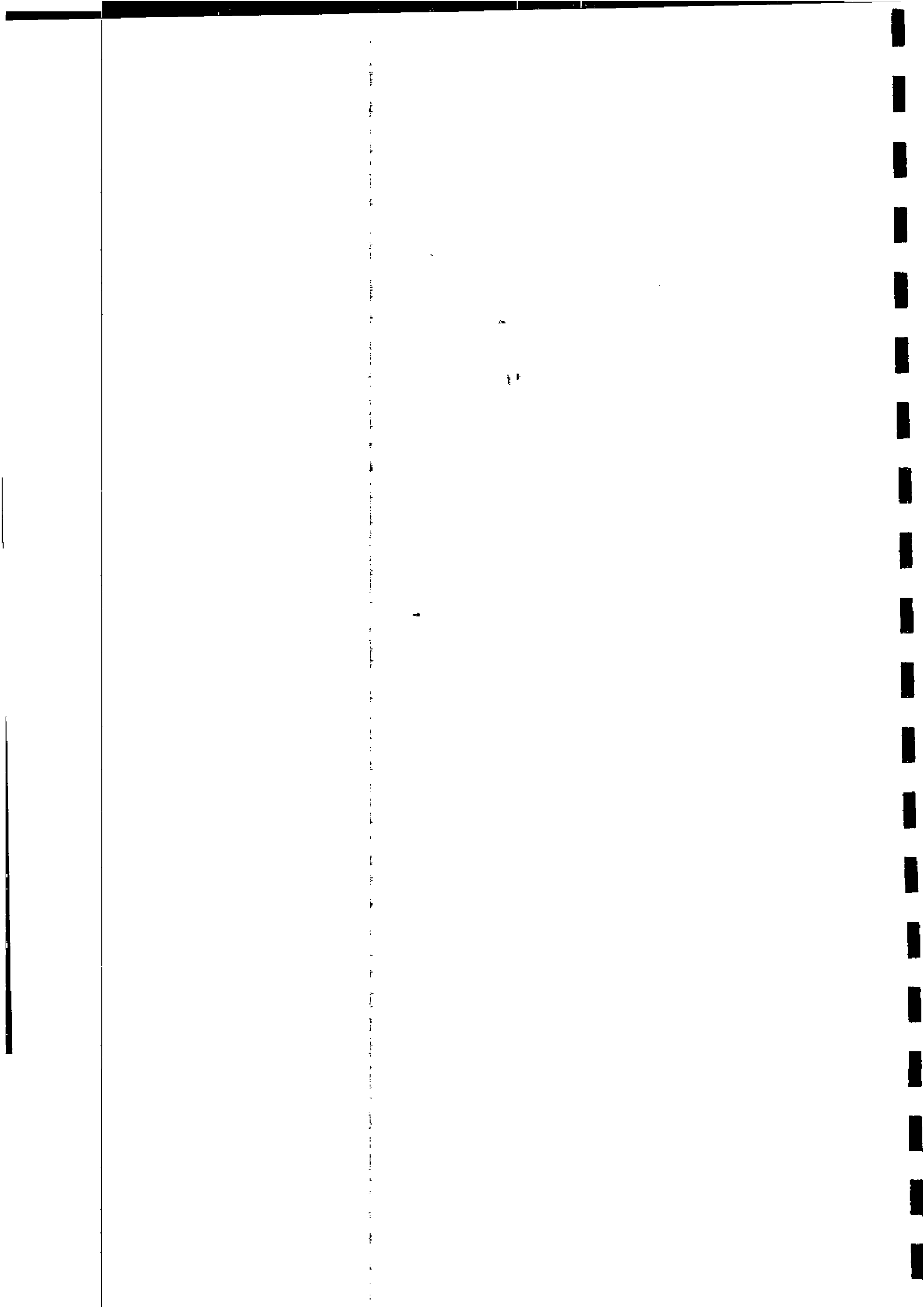
Deferred taxation is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS19.

Pension costs

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.



Sangers (Northern Ireland) Limited

Notes (continued)

1 Accounting policies (continued)

Equity settled share based payment transactions

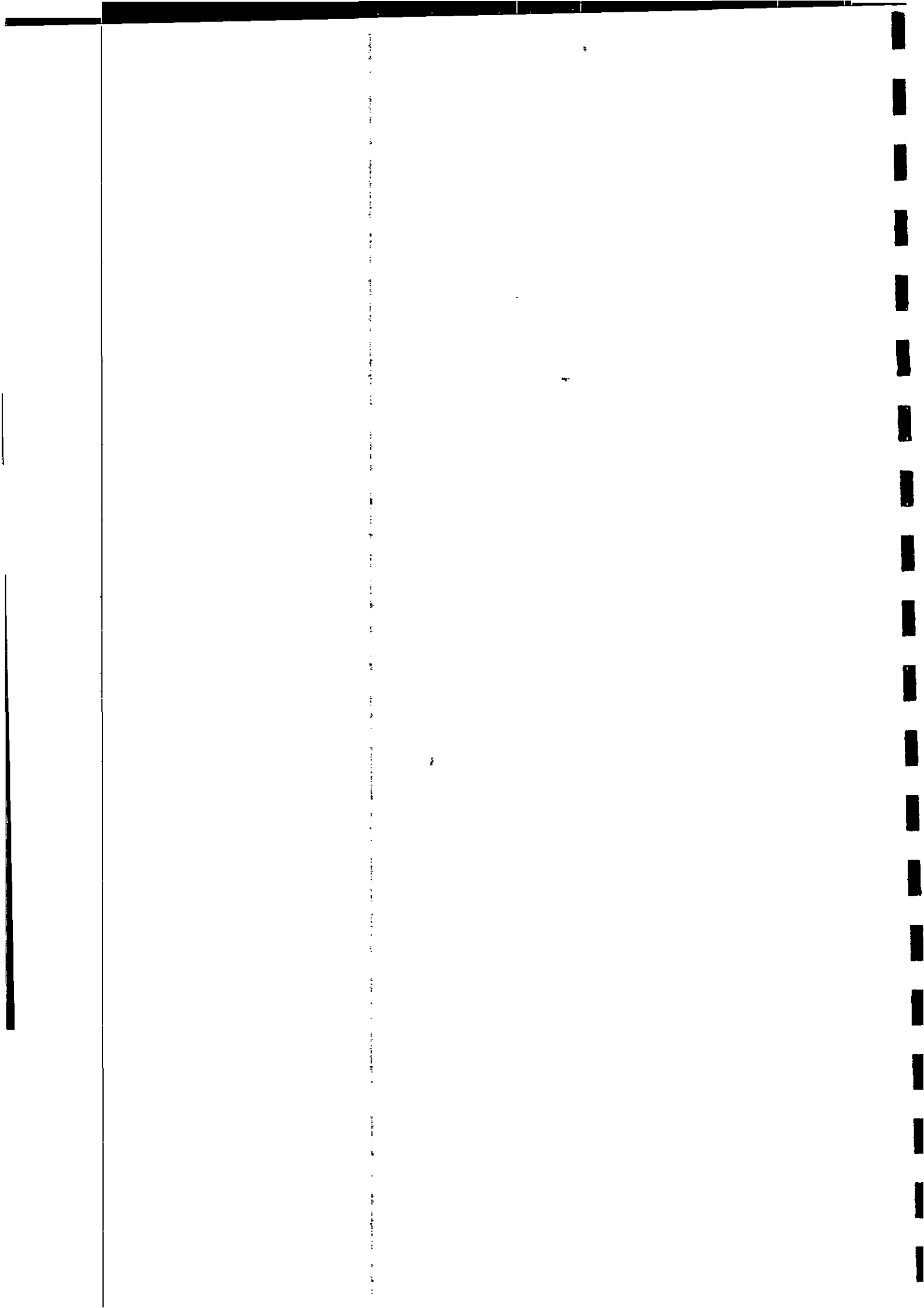
The company's ultimate parent United Drug plc operates share option schemes which allow employees of the Group to acquire shares in United Drug plc. They are all equity settled arrangements under FRS 20 Share based payments. Where United Drug plc grants options over its shares to employees of a subsidiary Company the fair value of share entitlements granted is recognised as an employee expense in the profit and loss account with a corresponding increase in a capital contribution reserve. The fair value is determined by an external valuer using a binomial model. Share entitlements granted by United Drug plc are subject to certain non market based vesting conditions. Non market vesting conditions are not taken into account when estimating the fair value of entitlements as at the grant date. The expense for the share entitlements shown in the profit and loss account is based on the fair value of the total number of entitlements expected to vest and is allocated to accounting periods on a straight line basis over the vesting period. The cumulative charge to the profit and loss account is only reversed where entitlements do not vest because all non market performance conditions have not been met or where an employee in receipt of share entitlements leaves the company before the end of the vesting period.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

2 Turnover and segmental information

Turnover represents sales of pharmaceutical and over the counter products within Northern Ireland.



Sangers (Northern Ireland) Limited

Notes (continued)

3 Interest payable/receivable and similar charges

Other interest receivable and similar income

	2010 £	2009 £
Bank interest	97 008	69 099
Dividend income	1 000,000	1 258 575
	<hr/>	<hr/>
	1 097,008	1 327 674
	<hr/>	<hr/>

Other finance income

	2010 £	2009 £
Interest on pension scheme liabilities	662,000	604 000
	<hr/>	<hr/>

Interest payable and similar charges

	2010 £	2009 £
Bank interest on loans and overdrafts wholly repayable within five years	1,739	101 914
Marker BV loan interest	1 061 967	2 082 933
	<hr/>	<hr/>
	1 063 706	2 184 847
	<hr/>	<hr/>

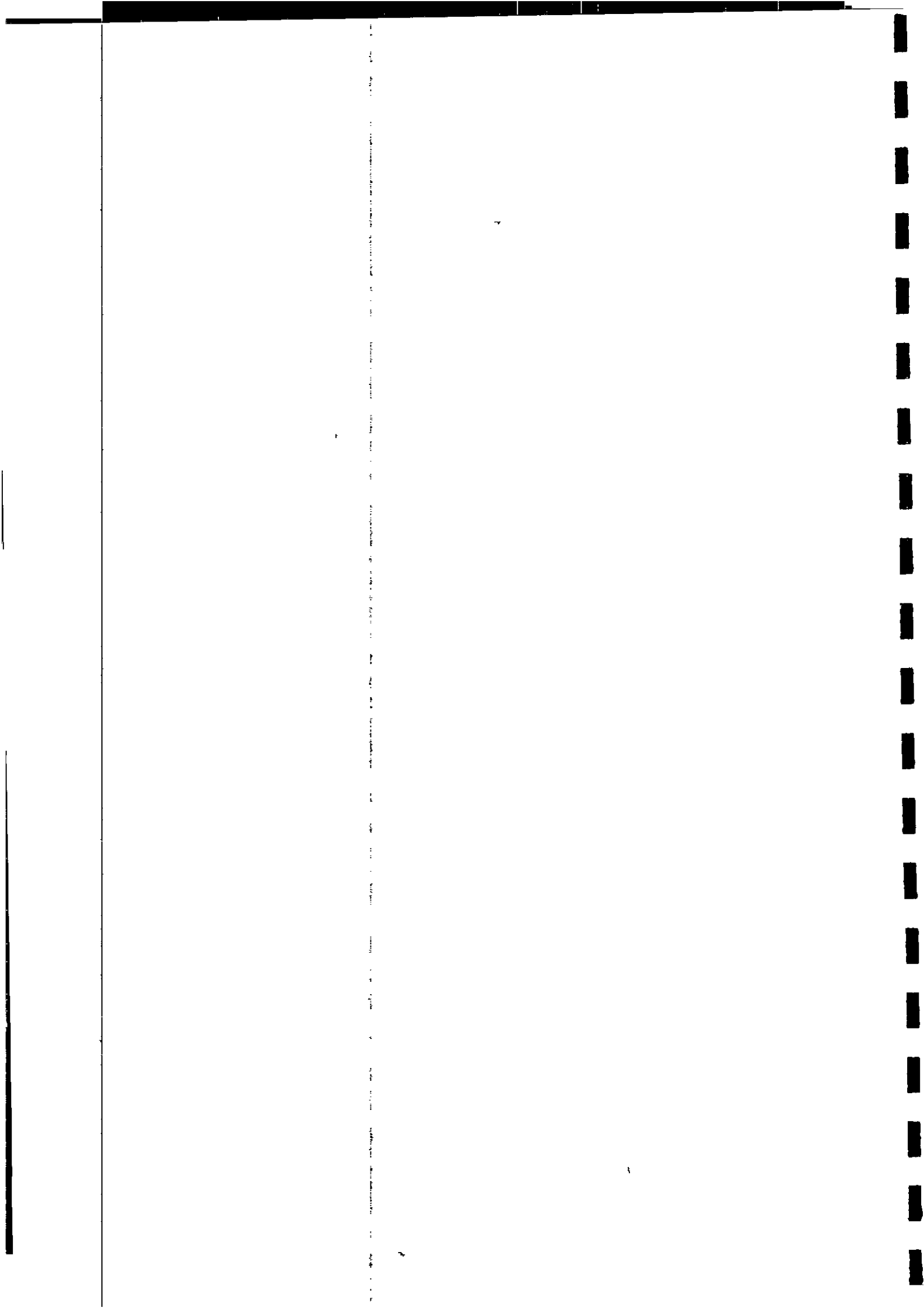
Other finance costs

	2010 £	2009 £
Expected return on pension scheme assets	667,000	598 000
	<hr/>	<hr/>

4 Notes to the profit and loss account

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2010 £	2009 £
Depreciation and other amounts written off tangible fixed assets	931,856	868 253
Amortisation of goodwill	7 406	7 406
Hire of motor vehicles operating leases	335 968	331 371
Loss on sale of fixed assets	987	
Auditors remuneration	24 126	23 895
audit services		
non audit services	-	
	<hr/>	<hr/>

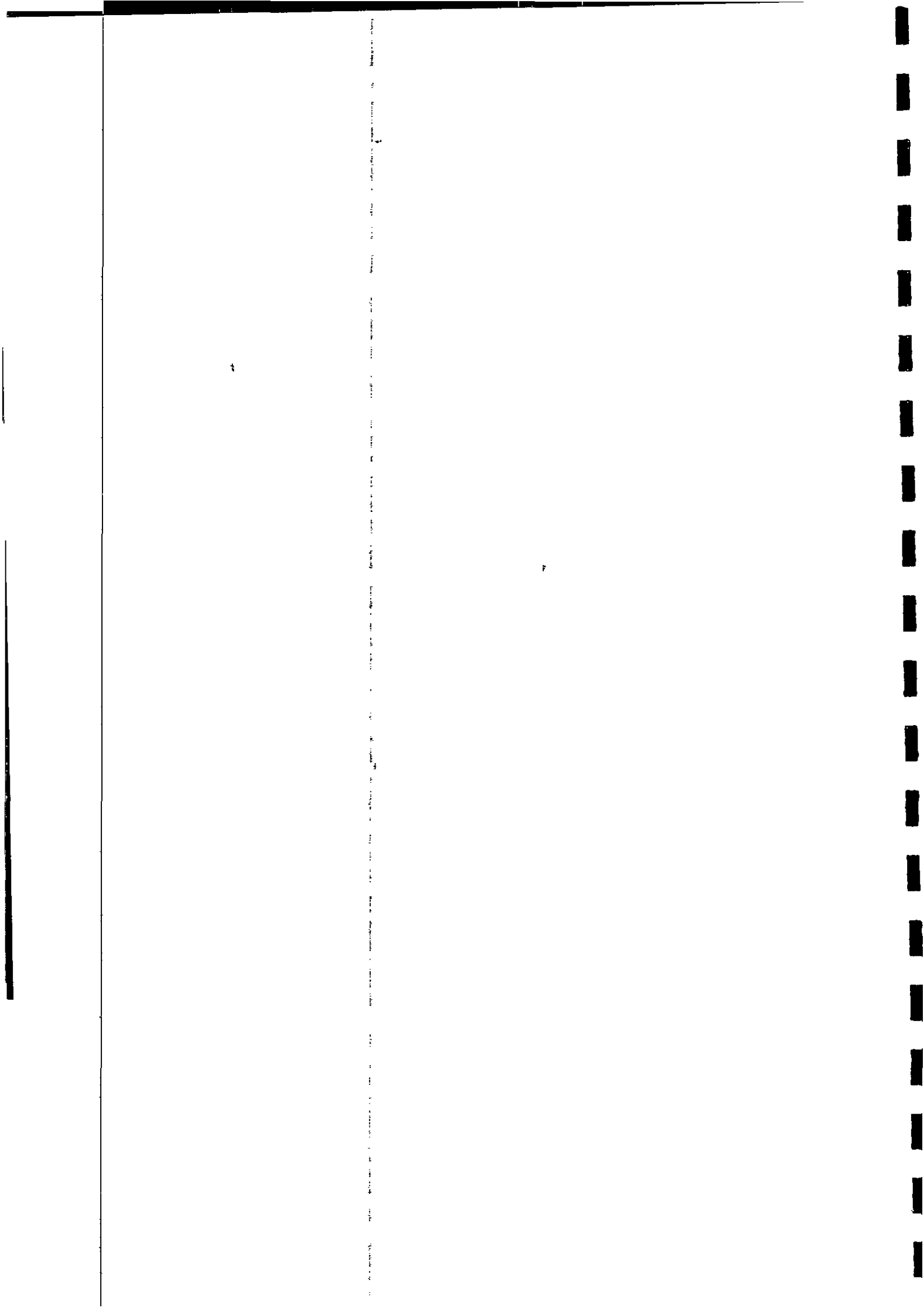


Sangers (Northern Ireland) Limited

Notes (continued)

5 Tax on profit on ordinary activities

<i>Analysis of charge in period</i>	2010 £	2009 £
<i>UK corporation tax</i>		
Current tax on profit for the period	1 087,718	721 741
Adjustments in respect of prior years	(121 491)	(101 783)
	<hr/>	<hr/>
Total current tax	966,227	619 958
<i>Deferred tax (see note 13)</i>		
Origination/reversal of timing differences	(39 067)	(87 619)
Adjustments to the estimated recoverable amount of deferred tax liabilities arising in previous periods	261 546	(138 921)
	<hr/>	<hr/>
	222 479	(226 540)
Other timing differences	40 600	105 560
	<hr/>	<hr/>
Total deferred tax	263 079	(120 980)
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	1 229,306	498 978
	<hr/>	<hr/>



Sangers (Northern Ireland) Limited

Notes (continued)

5 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the current period

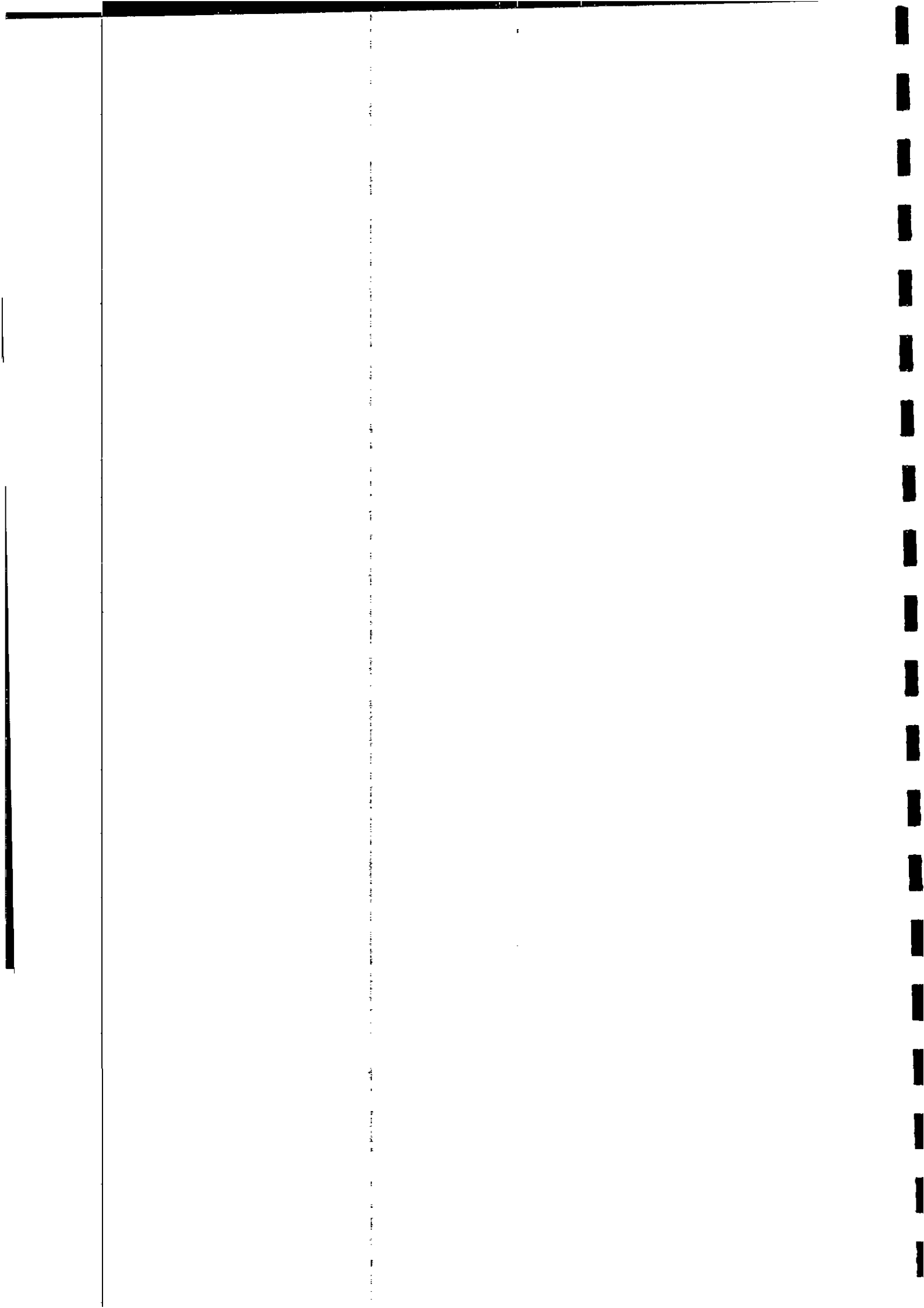
The current tax charge for the period is lower than the standard rate of corporation tax in the UK 28% (2009 28%) The differences are explained below

	2010 £	2009 £
Current tax reconciliation		
Profit on ordinary activities before tax	4 702 189	3 510 733
	<hr/>	<hr/>
Current tax at 28% (2009 28%)	1 316 613	983 005
Effects of		
Expenses not deductible for tax purposes	21 648	149 284
Depreciation for period in excess of capital allowances	58 689	45 301
Other timing differences	(29 232)	(94 560)
Adjustments to tax charge in respect of previous periods	(121 491)	(101 783)
Deduction for share options exercised		(8 888)
Non taxable dividend income	(280 000)	(352 401)
	<hr/>	<hr/>
Total current tax charge	966,227	619 958
	<hr/>	<hr/>

6 Directors and employees

- (i) The average number of persons employed by the company (including executive Directors) during the year analysed by category was as follows

	2010 No	2009 No
Warehouse	157	135
Delivery	51	52
Administration	69	82
	<hr/>	<hr/>
	277	269
	<hr/>	<hr/>



Sangers (Northern Ireland) Limited

Notes (continued)

6 Directors and employees (continued)

(ii) The aggregate payroll costs of these persons were as follows

	2010 £	2009 £
Wages and salaries	5 184,431	4 920 697
Social security costs	493 920	483 678
Share based payment expense (Note 20)	40 364	70 493
Other pension costs		
Defined Benefit Scheme (Note 19)	345,000	205 000
Defined Contributions Scheme	46 812	39 764
Fees	99 235	133 534
	<u>6 209 762</u>	<u>5 853 166</u>

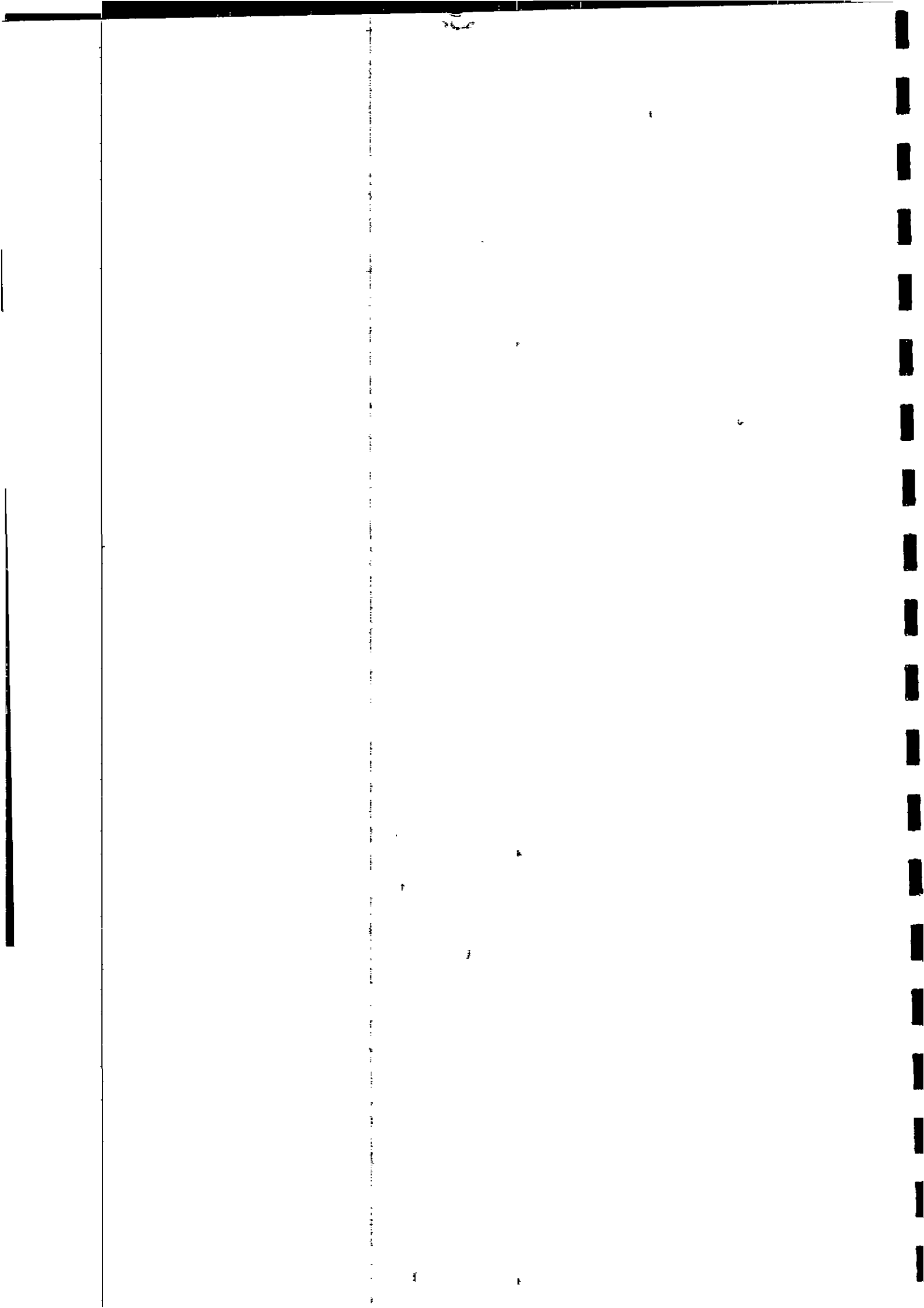
(iii) Remuneration of directors

	2010 £	2009 £
Directors' emoluments (excluding pension contributions)	<u>565,892</u>	<u>515 037</u>

The emolument of the highest paid director was £144 776 (2009 £142 204)

Retirement benefits are accruing to the following number of directors under

	No	No
Defined benefit schemes	<u>6</u>	<u>5</u>

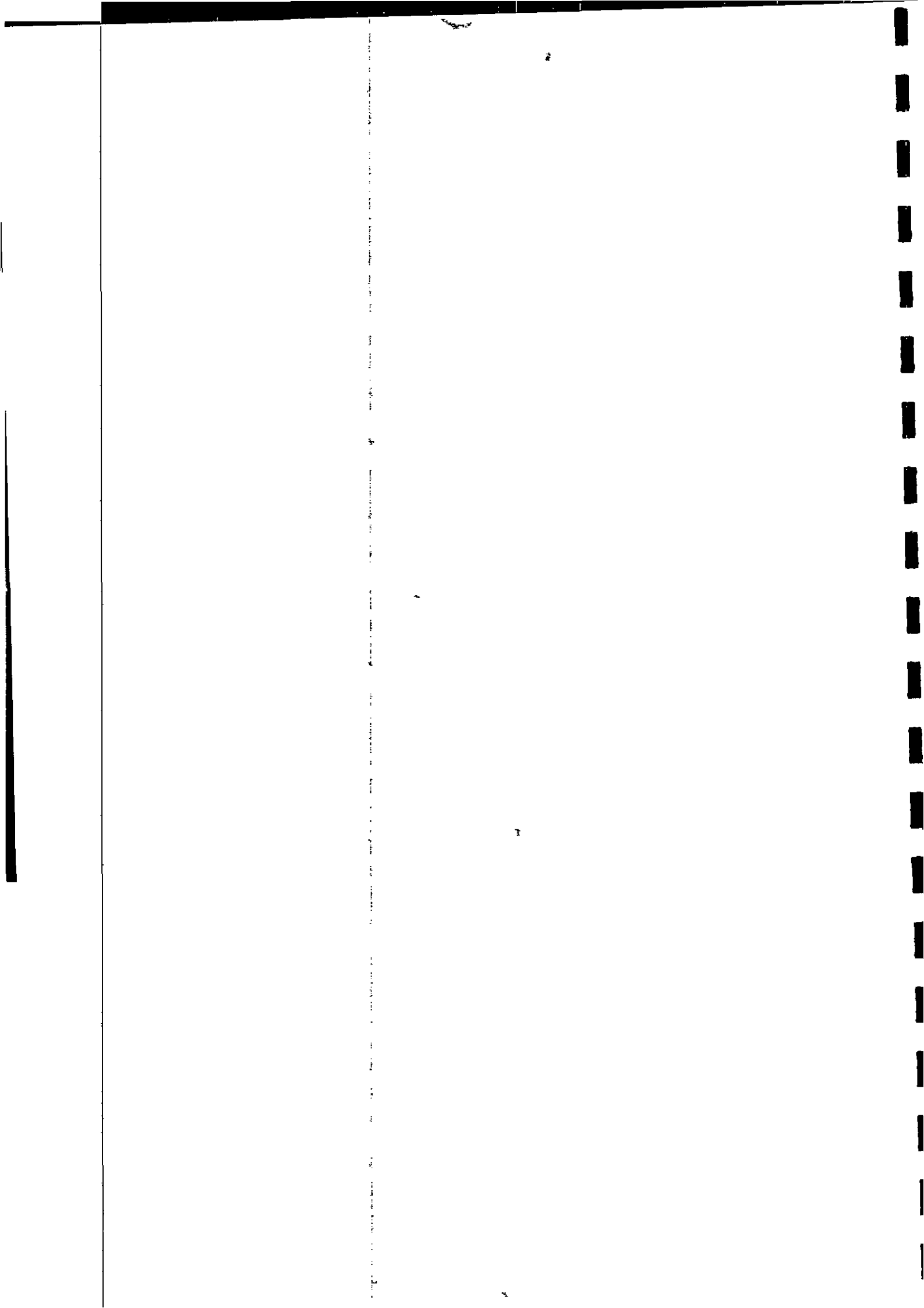


Sangers (Northern Ireland) Limited

Notes (continued)

7 Intangible assets

	Goodwill £	Total £
Cost		
At beginning of year	181 362	181 362
Additions		
	<hr/>	<hr/>
At end of year	181,362	181 362
	<hr/>	<hr/>
Amortisation		
At beginning of year	104 830	104 830
Charged in year	7 406	7 406
	<hr/>	<hr/>
At end of year	112 236	112 236
	<hr/>	<hr/>
Net book value		
At 30 September 2010	69 126	69 126
	<hr/>	<hr/>
At 30 September 2009	76 532	76 532
	<hr/>	<hr/>



Sangers (Northern Ireland) Limited

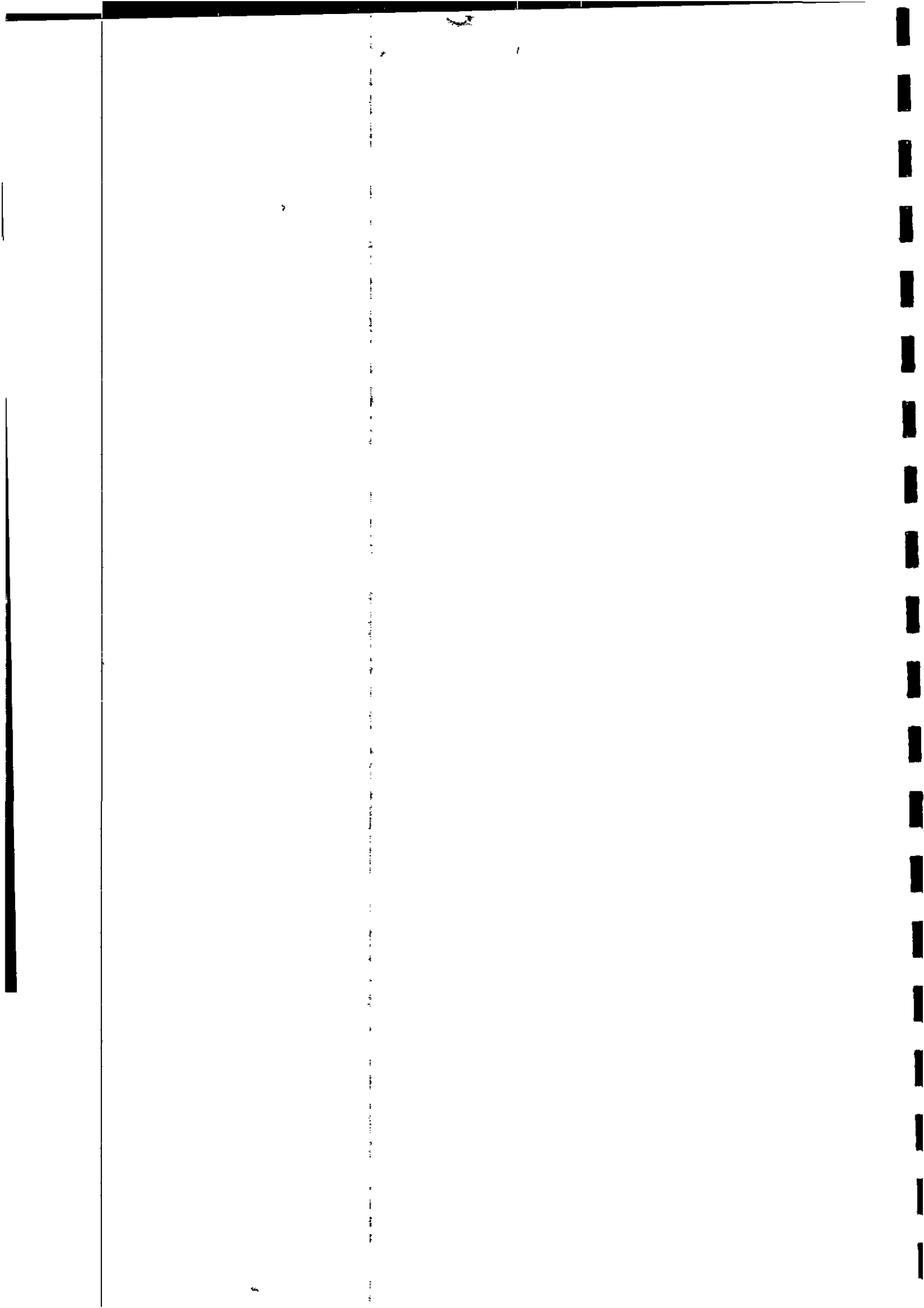
Notes (continued)

8 Fixed assets

(i) Tangible fixed assets

	<i>Freehold land £</i>	<i>Freehold buildings £</i>	<i>Plant and machinery £</i>	<i>Motor vehicles £</i>	<i>Total £</i>
Cost					
At beginning of year	23 500	8 419 322	8 207 321	266 425	16 916 568
Additions		6 750	594 498	44 900	646 148
Disposals		(194)	(811 612)		(811 406)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	23 500	8 425 878	7,990 207	311,325	16 750 910
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At beginning of year		1 688 656	6 645 301	264 781	8 598 738
Charge for year		142 672	784 236	4 948	931 856
On disposals		(187)	(810 633)		(810 820)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year		1 831,141	6 618 904	269 729	8 719,774
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 30 September 2010	23 500	6 594 737	1 371,303	41 596	8 031 136
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2009	23 500	6 730 666	1 562 020	1 644	8 317 830
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included in the net book value of motor vehicles is £Nil (2009 £Nil) in respect of leased assets
Depreciation for the year on these assets was £Nil (2009 £Nil)



Sangers (Northern Ireland) Limited

Notes (continued)

9 Investments

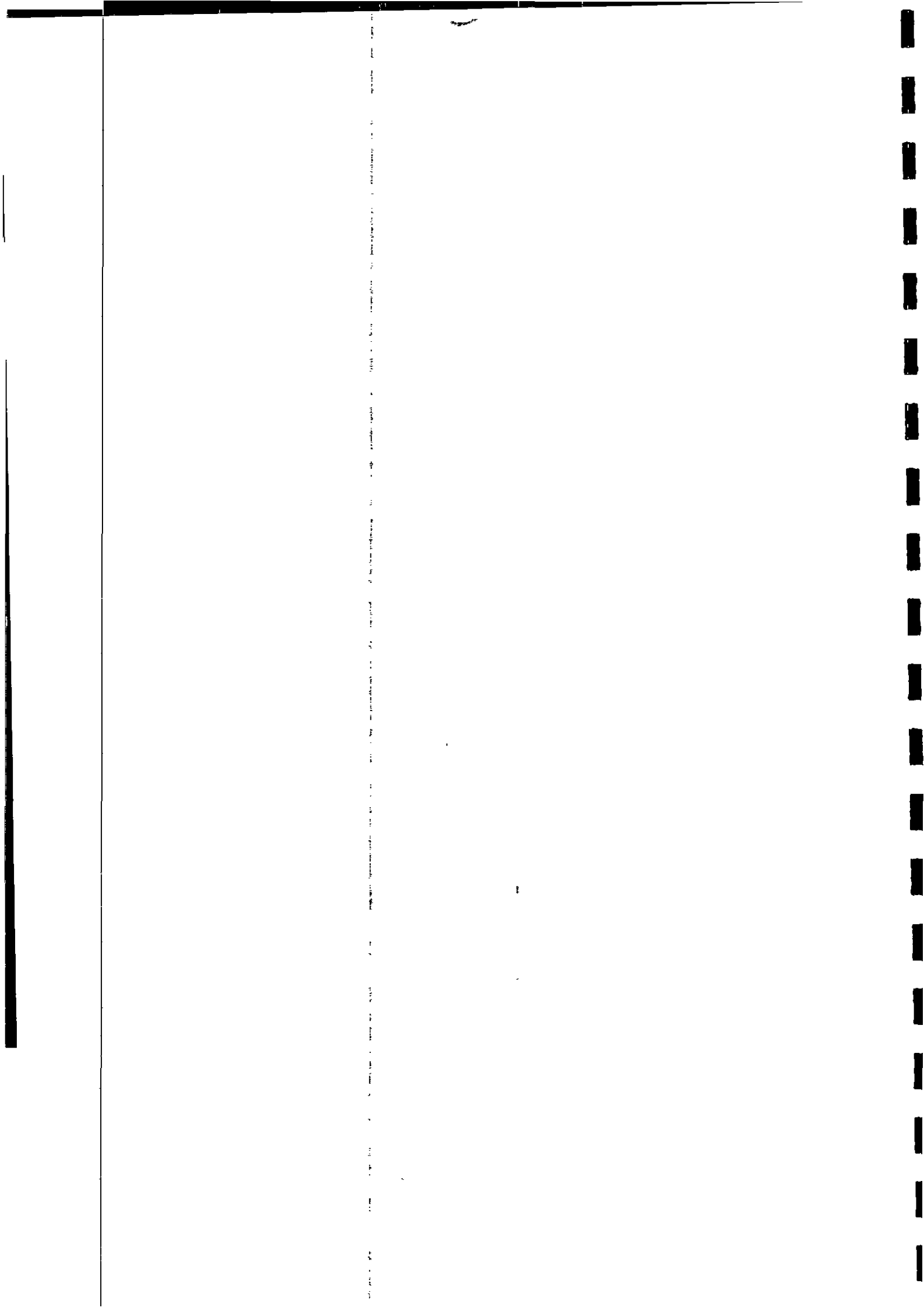
	2010 £	2009 £
Investments in joint ventures	200 500	200 500
Investments in subsidiary undertakings	777 906	777 906
	<hr/>	<hr/>
	978 406	978 406
	<hr/>	<hr/>

The principal companies in which the company's interests at the year end is more than 20% are as follows

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Blackstaff Pharmaceuticals Limited	United Kingdom	Dormant	100% ordinary
J Bradbury Surgical Limited	Northern Ireland	Dormant	100% ordinary
Prima Brands Limited	Northern Ireland	Wholesale distribution of pharmaceutical products	100% ordinary
<i>Participating interests</i>			
Unidrug Distribution Group Limited	United Kingdom	Warehousing and distribution of prescription drugs and over the counter medicines	50% ordinary*
Pharma Services (NI) Limited	Northern Ireland	Installation of PMR systems into pharmaceutical retail outlets	50% ordinary**

* Joint venture arrangement between United Drug plc (with Sangers (Northern Ireland) Limited as the nominee shareholder) and Switzerland based Alloga

** Joint venture between Sangers (Northern Ireland) Limited and McLernons Computers (NI) Limited



Sangers (Northern Ireland) Limited

Notes (continued)

10 Stock

	2010 £	2009 £
Finished goods and goods for resale	11 480,231	10 398 396

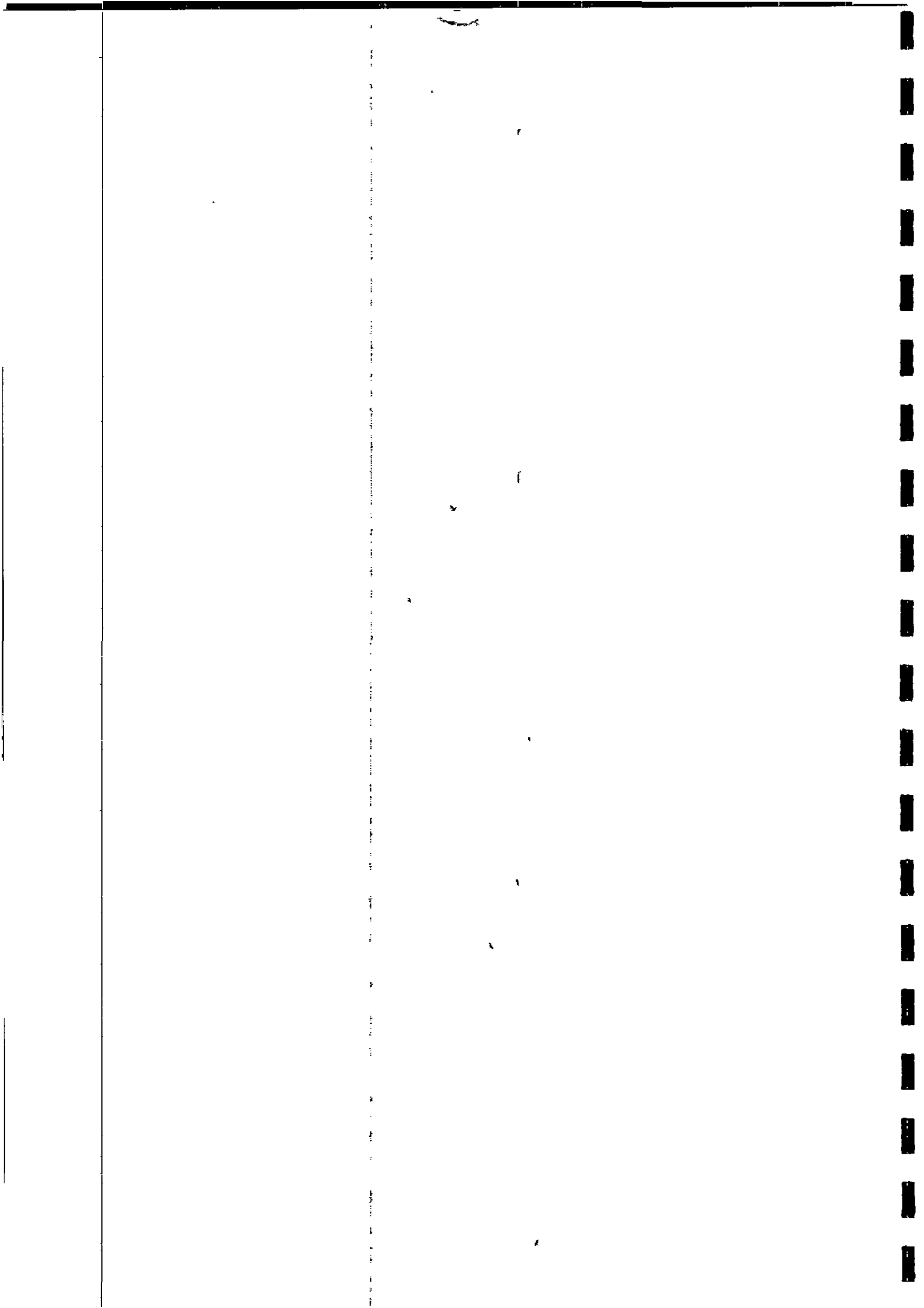
In the opinion of the directors the replacement value of stocks is not materially different from the above amounts

11 Debtors

	2010 £	2009 £
Trade debtors	37 643,375	37 285 798
Amounts owed by parent undertakings	4 398 527	4 188 838
Amounts owed by subsidiary undertakings	1 122 256	1 576 142
Amounts owed by undertakings in which the company has a participating interest	1 860 592	2 692 264
Amounts owed by related undertakings	729 084	88 543
Other debtors	3,728 849	4 401 552
Prepayments and accrued income	865 095	771 465
Deferred tax asset	187,137	409 616
	<u>50 534,915</u>	<u>51 414 218</u>

12 Creditors Amounts falling due within one year

	2010 £	2009 £
Trade creditors	26,509 636	25 405 454
Amounts owed to parent undertaking	523 105	858 771
Amounts owed to related undertakings	34,579 463	32 185 687
Other taxes and social security	1,857 847	1 223 576
Accruals and deferred income	2 957 697	4 045 748
Other creditors	3,987 641	3 781 381
Corporation tax	337 709	187 392
	<u>70 753 098</u>	<u>67 688 009</u>



Sangers (Northern Ireland) Limited

Notes *(continued)*

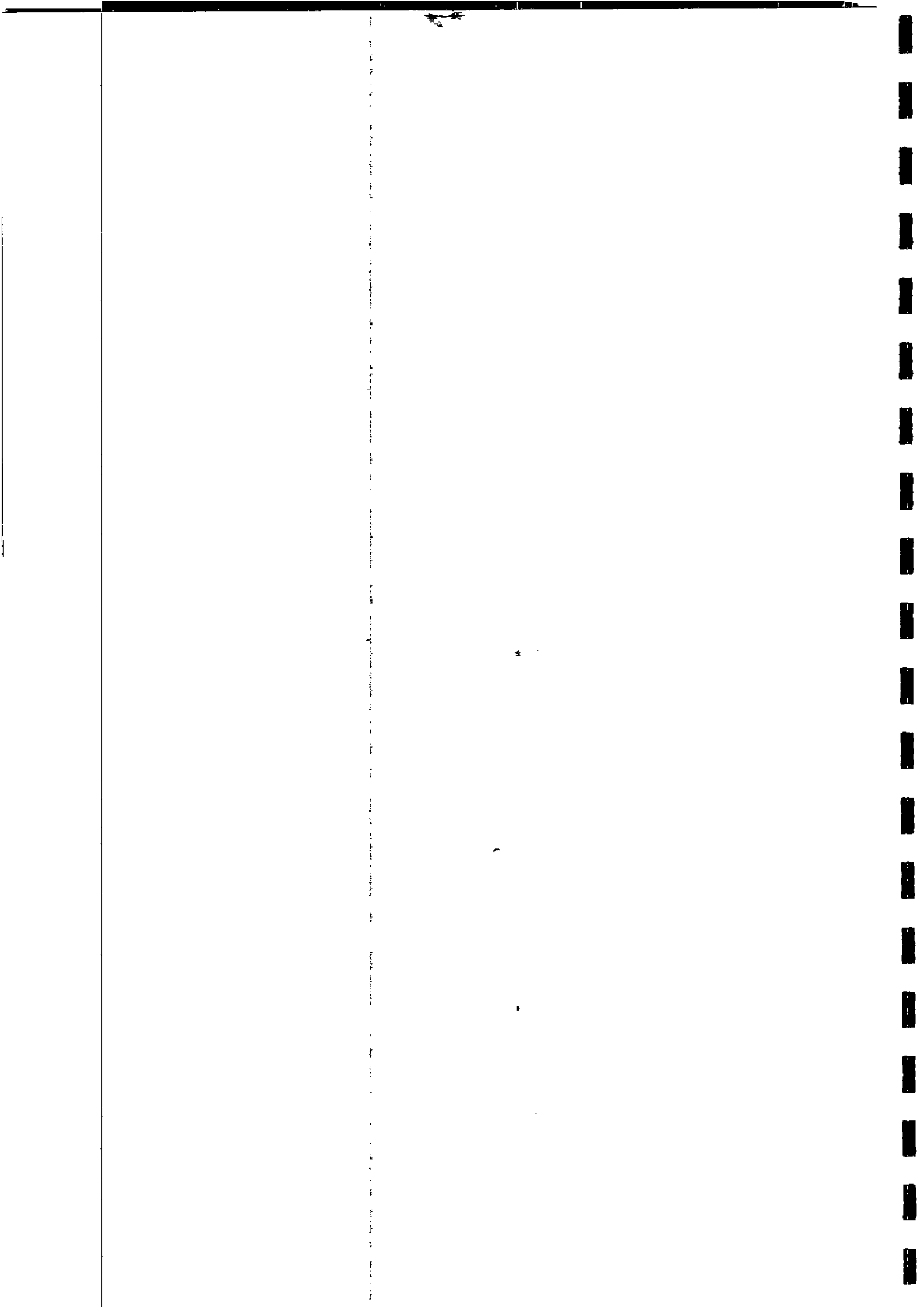
13 Deferred taxation

The amounts provided for deferred taxation are set out below

	2010 £	2009 £
Balance at 1 October	(409 616)	(183 076)
Charge/(credit) for year (<i>Note 4</i>)	222 479	(226 540)
	<hr/>	<hr/>
Balance at 30 September	(187,137)	(409 616)
	<hr/>	<hr/>
<i>Elements of deferred taxation</i>		
Difference between accumulated depreciation and amortisation and capital allowances	(19 476)	(45 570)
Other timing differences	(167 661)	(364 046)
	<hr/>	<hr/>
Deferred tax asset	(187,137)	(409 616)
	<hr/>	<hr/>

14 Share capital

	2010 £	2009 £
<i>Allotted called up and fully paid</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>



Sangers (Northern Ireland) Limited

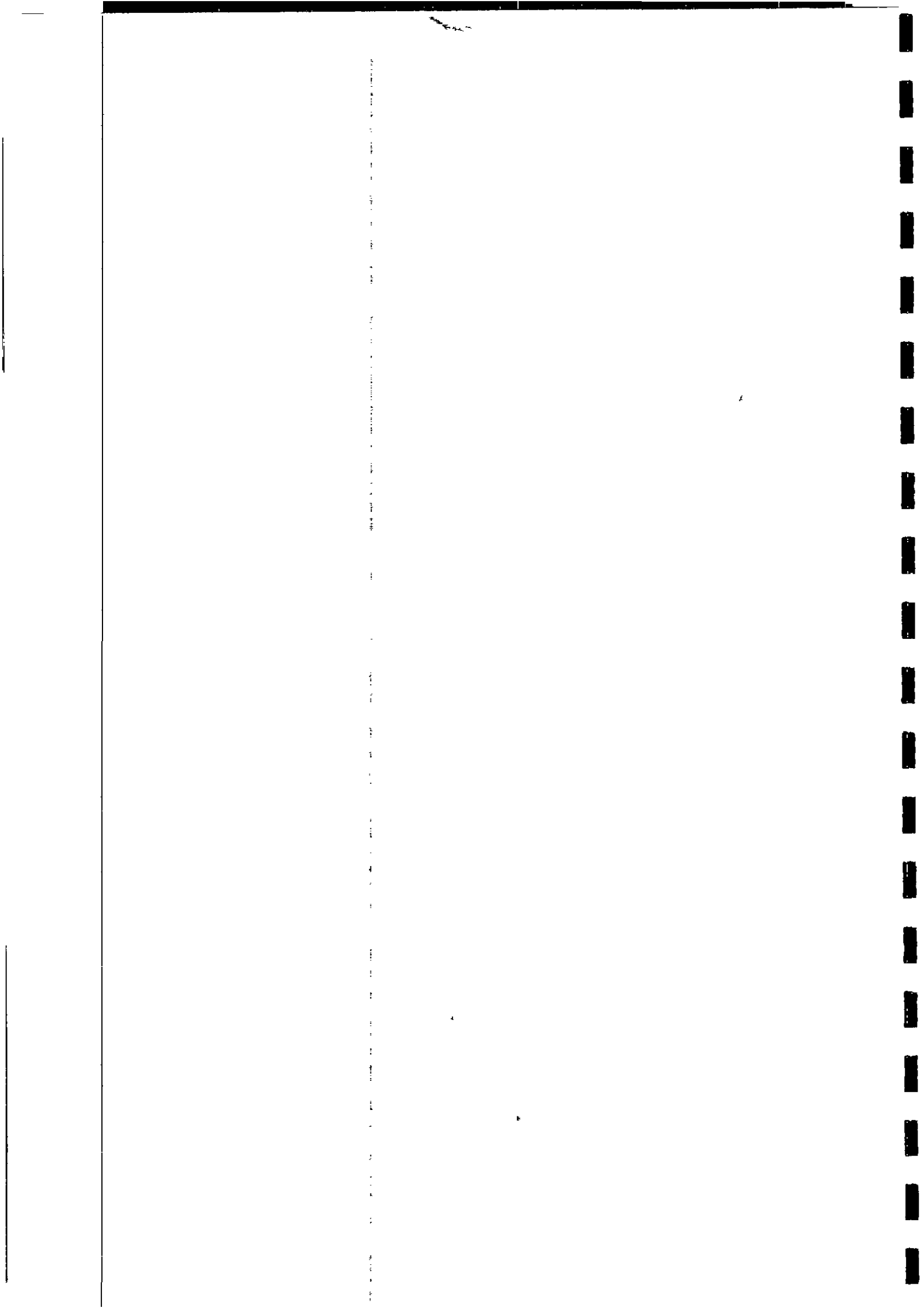
Notes *(continued)*

15 Profit and loss account

	2010 £	2009 £
At beginning of year	7,238,970	11 773 855
Profit for the financial year	3 472 883	3 011 755
Dividend for the financial year	(2 000,000)	(5 000 000)
Actuarial losses	(1 174 000)	(3 537 000)
Deferred tax on pension movement	329 000	990 360
	<hr/>	<hr/>
Balance at 30 September	7 866 853	7 238 970
	<hr/>	<hr/>
Profit and loss reserve excluding pension liability	10 444 733	9 075 850
Pension liability	(2 577 880)	(1 836 880)
	<hr/>	<hr/>
Profit and loss reserve including pension asset	7 866,853	7 238 970
	<hr/>	<hr/>

16 Capital contribution reserve

	2010 £	2009 £
At beginning of year	303,492	232 999
Capital contribution during the year	40 364	70 493
	<hr/>	<hr/>
Balance at 30 September	343 856	303 492
	<hr/>	<hr/>



Sangers (Northern Ireland) Limited

Notes (continued)

17 Reconciliation of movement in shareholders funds

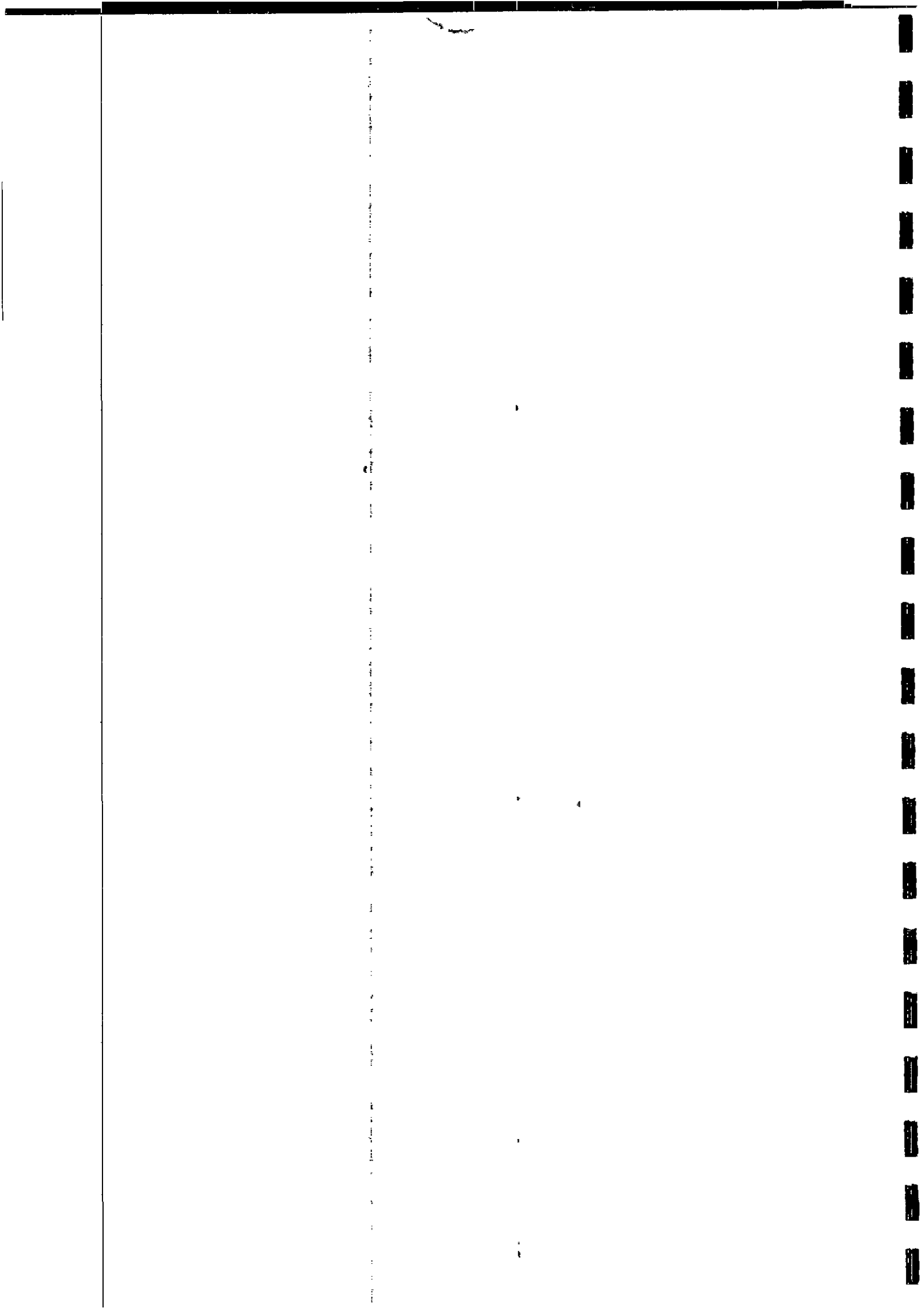
	2010 £	2009 £
Opening shareholders funds	7 542 562	12 006 954
Profit for the financial year	3 472,883	3 011 755
Dividend for the financial year	(2,000,000)	(5 000 000)
Actuarial losses	(1 174 000)	(3 537 000)
Deferred tax on pension movement	329,000	990 360
Capital contribution during year	40,364	70 493
	<hr/>	<hr/>
Closing shareholders funds	8 210 809	7 542 562
	<hr/>	<hr/>

18 Commitments

The directors have authorised capital expenditure which has been contracted for at the year end of £Nil (2009 £Nil)

Annual commitments under non cancellable operating leases are as follows

	2010 £	2009 £
Operating leases which expire		
within one year	281,386	271 419
within two to five years	394 603	289 803
	<hr/>	<hr/>



Sangers (Northern Ireland) Limited

Notes (continued)

19 Pension scheme

The main pension scheme of the company is the Sangers (Northern Ireland) Limited Pension Fund which is a defined benefit scheme providing benefits based on final pay and service at retirement. The assets of the scheme are held separately from those of the Company, being directly invested on a discretionary basis.

The latest full actuarial valuation was carried out at 1 April 2009 and was updated for FRS 17 purposes to 30 September 2010 by a qualified independent actuary.

The major assumptions used in this valuation were:

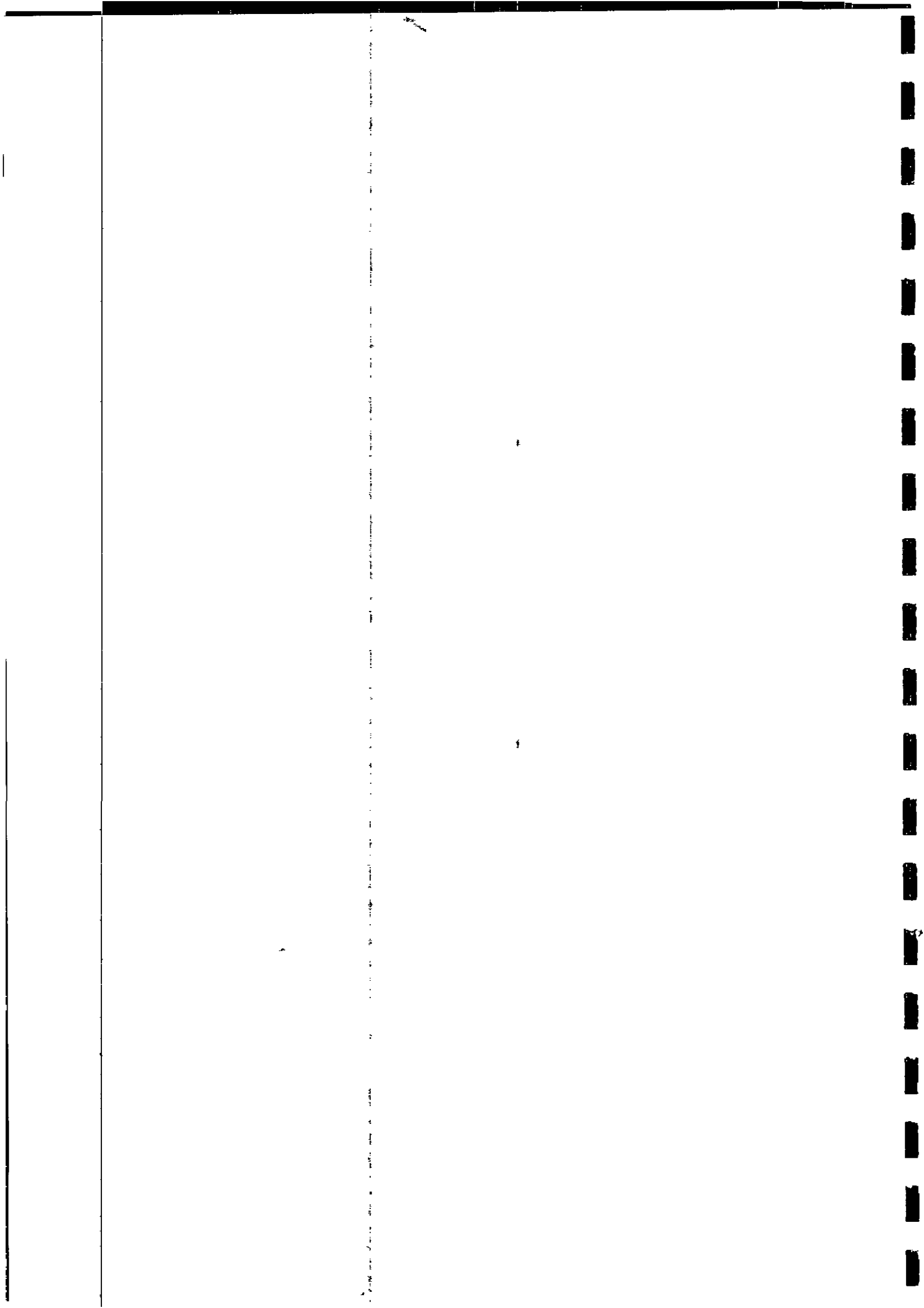
	2010	2009	2008
Rate of increase in salaries	4.0%	4.1%	4.2%
Rate of increase in pensions in payment (pre April 1997)	3.0%	3.0%	3.0%
Rate of increase in pensions in payment (post April 1997)	3.3%	3.4%	3.6%
Rate of increase in pensions in payment (post April 2010)	2.2%	2.2%	
Discount rate applied to scheme liabilities	5.0%	5.4%	7.3%
Inflation assumption	3.5%	3.6%	3.7%

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and this inherently uncertain, were:

	Value at 30/09/10 £	Value at 30/09/09 £	Value at 30/09/08 £
Equities	4,787,000	4,267,000	3,457,000
Bonds	5,495,000	5,014,000	4,481,000
Cash	26,000	39,000	47,000
Property	833,000	650,000	784,000
	<hr/>	<hr/>	<hr/>
Total market value of pension scheme assets	11,141,000	9,970,000	8,769,000
Present value of pension scheme liabilities	(14,722,000)	(12,522,000)	(8,161,000)
	<hr/>	<hr/>	<hr/>
(Deficit)/surplus in pension schemes	(3,581,000)	(2,552,000)	608,000
Related deferred tax asset/(liability)	1,003,120	715,120	(170,240)
	<hr/>	<hr/>	<hr/>
Net pension (liability)/asset	(2,577,880)	(1,836,880)	437,760
	<hr/>	<hr/>	<hr/>



Sangers (Northern Ireland) Limited

Notes (continued)

19 Pensions (continued)

The expected rates of return on the assets

	Long term rate of return 30/09/10*	Long term rate of return 30/09/09	Long term rate of return 30/09/08
Average expected long term rate of return/Total fair value of assets	5.97%	6.13%	6.70%

* The expected return on assets by asset category is not a required FRS 17 disclosure item (only the total rate needs to be disclosed)

Movement in deficit during the year

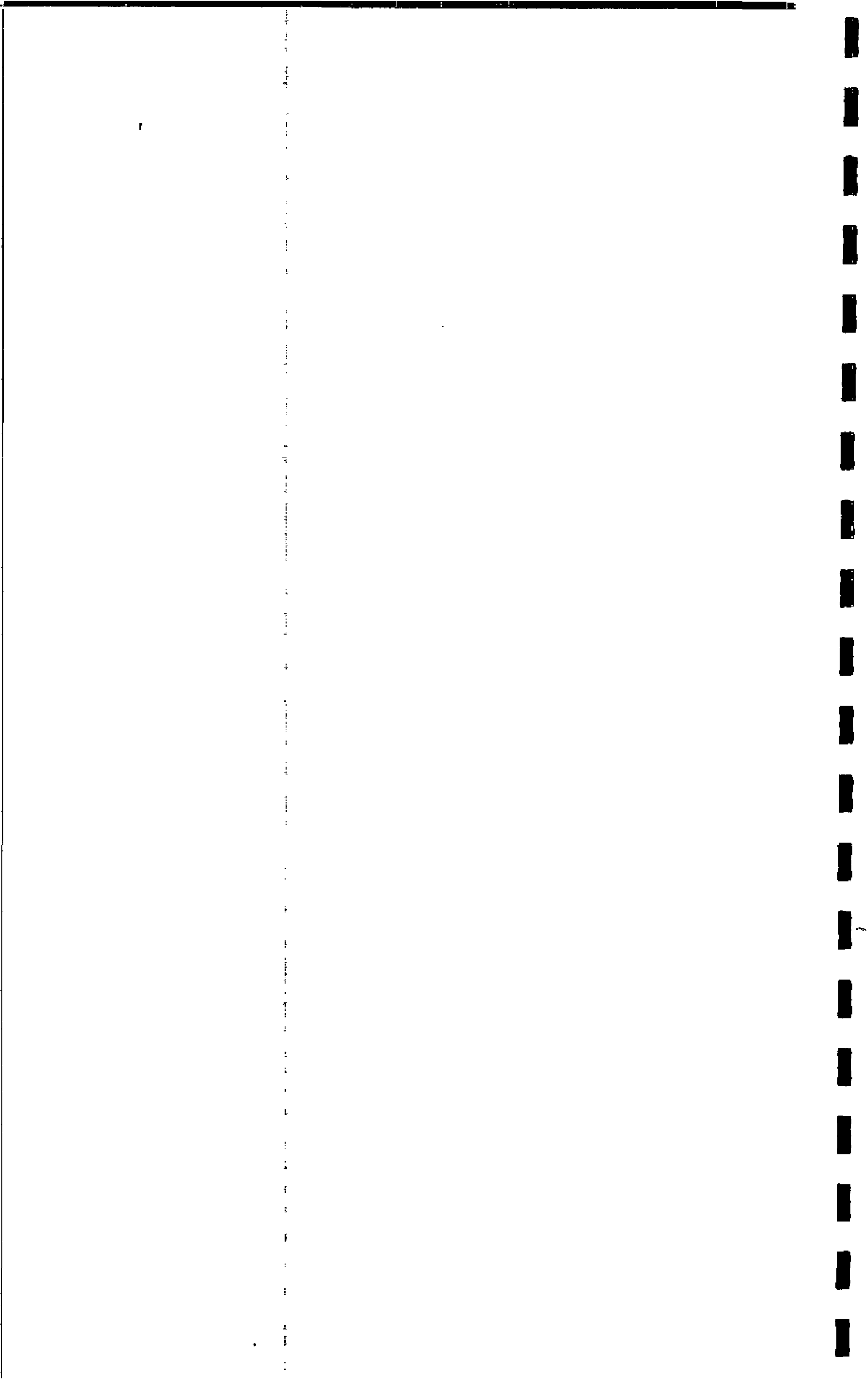
	2010 £	2009 £
(Deficit)/surplus in the scheme at the beginning of year	(2,552,000)	608 000
Current service cost	(340,000)	(211 000)
Contributions paid	490 000	582 000
Other finance (costs)/income	(5,000)	6 000
Actuarial loss	(1 174 000)	(3 537 000)
	<hr/>	<hr/>
Surplus/deficit in the scheme at end of year	(3 581 000)	(2 552 000)
	<hr/>	<hr/>

Analysis of other pension costs charged in arriving at operating profit

	2010 £	2009 £
Current service cost	340,000	211 000
	<hr/>	<hr/>

Analysis of amounts included in other finance income/costs

	2010 £	2009 £
Expected return on pension scheme assets	(662 000)	(604 000)
Interest on pension scheme liabilities	667 000	598 000
	<hr/>	<hr/>
	5 000	(6 000)
	<hr/>	<hr/>



Sangers (Northern Ireland) Limited

Notes (continued)

19 Pensions (continued)

Analysis of amount recognised in statement of total recognised gains and losses

	2010 £	2009 £
Actual return less expected return on scheme assets	467,000	175 000
Experience losses arising on scheme liabilities		(1 000)
Changes in assumptions underlying the present value of scheme liabilities	(1,641,000)	(3 711 000)
	<hr/>	<hr/>
Actuarial loss recognised in statement of total recognised gains and losses	(1,174,000)	(3 537 000)
	<hr/>	<hr/>

History of experience gains and losses

	2010 %	2009 %	2008 %
Difference between the expected and actual return on scheme assets expressed as a percentage of the year end scheme assets	4.2	1.8	(17.5)
Experience gains and losses on scheme liabilities expressed as a percentage of the year end present value of scheme liabilities			6.3
Total amount recognised in the statement of total recognised gains and losses expressed as a percentage of the year end present value of the scheme liabilities	(11.1)	(29.6)	13.3



1. The first part of the document is a list of names and addresses. The names are listed in the first column, and the addresses are listed in the second column. The names are: John Doe, Jane Smith, and Bob Johnson. The addresses are: 123 Main St, 456 Elm St, and 789 Oak St.

Sangers (Northern Ireland) Limited

Notes *(continued)*

20 Share based payment

During the year ended 30 September 2010 United Drug plc established the Executive Share Option Plan 2010 (ESOP). Under the ESOP share options may be granted to management which entitle them to purchase shares in United Drug plc so as to provide an incentive to perform strongly over an extended period and to align their interests with those of shareholders. The terms of the share options granted on 14 June 2010 are outlined in the report of the Remuneration Committee on Directors' remuneration in United Drug plc's financial statements for the year ended 30 September 2010.

United Drug plc also operates two previous share option schemes both equity settled which entitle key management to purchase shares in United Drug plc so as to provide an incentive to perform strongly over an extended period and to align their interests with those of shareholders. Under the terms of the schemes two types of options are granted to persons providing services to the Company:

- (i) Basic tier options which cannot be exercised before the expiration of three years and which are subject to performance criteria as set out by the Remuneration Committee in the Report of the Remuneration Committee on Directors' remuneration in United Drug plc's financial statements for the year ended 30 September 2010 and
- (ii) Second tier options which cannot be exercised before the expiration of five years and which are subject to performance criteria as set out by the Remuneration Committee in the Report of the Remuneration Committee on Directors' remuneration in United Drug plc's financial statements for the year ended 30 September 2010.

The contractual life of share options awarded during 2010 under the ESOP is seven years whilst the contractual life of both Basic Tier and Second Tier share options awarded under the previous schemes is ten years. Share options were last granted on 14 June 2010 and a total of 1,540,000 share options (2009: 2,495,500 Basic tier share options) were granted at that time. In accordance with the terms of the relevant scheme share options are exercisable at the market price of the underlying share on the last dealing day preceding the date of grant.

The measurement requirements of FRS 20 have been implemented in respect of share options that were granted after 7 November 2002. The binomial valuation has been used to value options.

Sangers (Northern Ireland) Limited

Notes (continued)

20 Share-based payment (continued)

A summary of the details in respect of share options granted to employees or to persons providing services to United Drug plc subsidiary companies which includes employees and persons providing services to this company in 2010 and 2009 is set out below

	2010	2009
Grant date	14 June 2010	11 June 2009
Fair value at measurement date	€0 69	€0 44
Share price at date of grant	€2 33	€1 97
Exercise price	€2 32	€1 95
Expected volatility	33 2%	27 67%
Expected life (years)	6 2 years	6 5
Expected dividend yield	3 2%	4 10%
Risk free interest rate	4 6%	4 89%
Valuation model	Binomial Model	Binomial Model
Vesting period	3 years	3 years

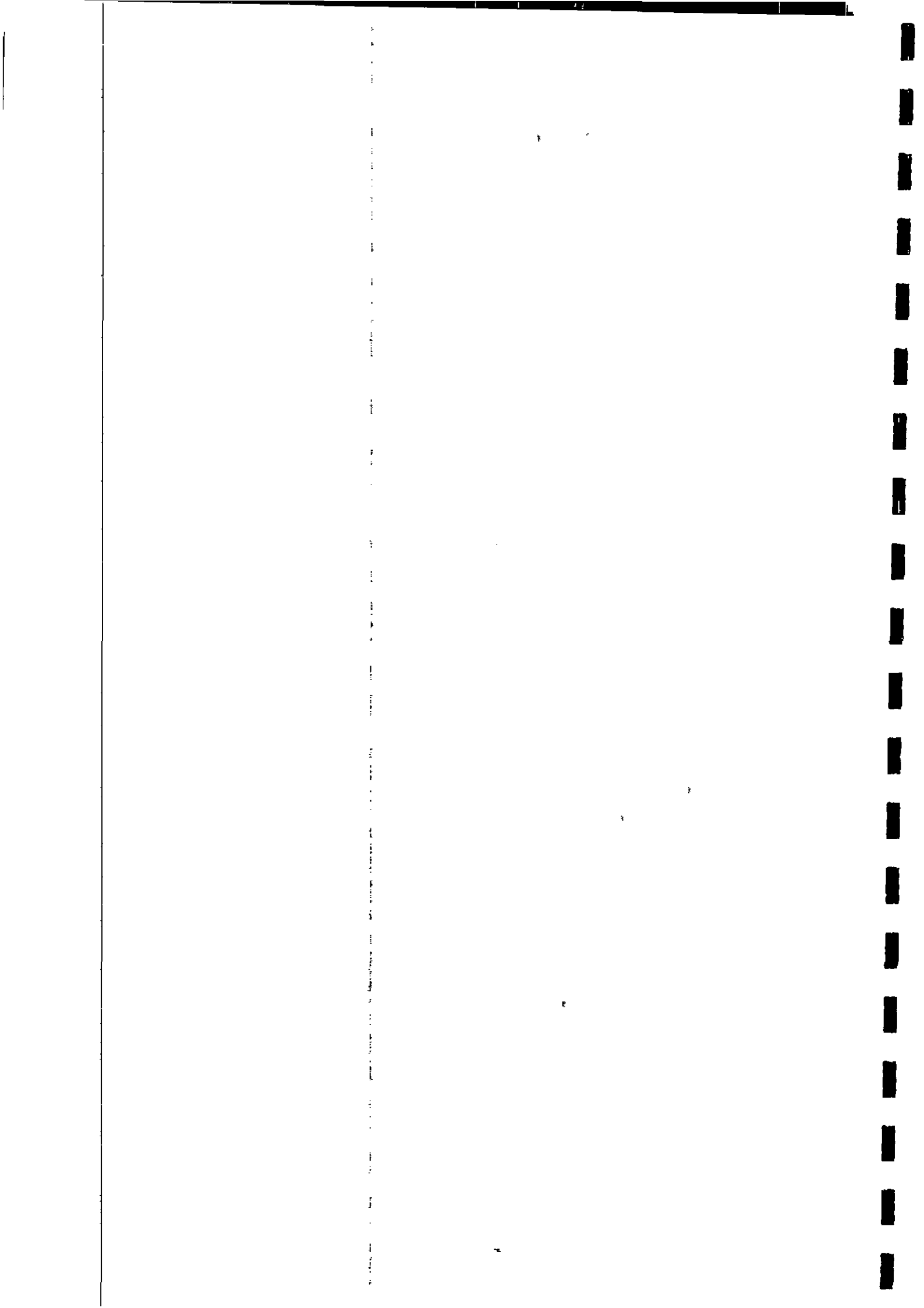
The total expense for share options recognised in the profit and loss account is as follows

	2010	2009
	£ 000	£ 000
Administrative expenses	40,364	70 493

The number and weighted average exercise price of share options in United Drug plc are as follows

	2010 Weighted exercise price €	2010 Number of options '000	2009 Weighted exercise price €	2009 Number of options '000
Options outstanding at beginning of year	2 86	13 491	3 08	12 059
Lapsed during the year	3 21	(983)	3 67	(923)
Exercised during the year	1 41	(503)	0 87	(140)
Granted during the year	2 32	(1,540)	1 95	2 495
Options outstanding at end of year	2 82	13,545	2 86	13 491
Options exercisable at end of year	2 47	4,597	2 42	5 820

At 30 September 2010 the range of exercise prices of outstanding options was from €1 84 to €4 06
(2009 €0 99 to €4 06)



Sangers (Northern Ireland) Limited

Notes (continued)

20 Share based payment (continued)

Analysis of share options in United Drug plc outstanding at year end is as follows

	Exercise price	2010 Number of options	2009 Number of options
Options by exercise price	€	000	000
	0.99		275
	1.84	898	968
	1.90	945	1,032
	1.95	2,265	2,460
	1.99	774	845
	2.32	1,537	
	2.83	1,260	1,410
	3.32	1,170	1,305
	3.48	1,398	1,553
	3.83	1,808	2,008
	4.06	1,490	1,635
		13,545	13,491

Long Term Incentive Plan 2010

During the year ended 30 September 2010 the Company established a new LTIP. The terms of awards granted during 2010 are outlined in the Report of the Remuneration Committee on Directors Remuneration. Share options were granted on 14 June 2010 and a total of 523,106 share options (2009 nil) were granted at that time. The contractual life of share options awarded during 2010 is seven years. In accordance with the terms of the scheme, options are exercisable at the nominal value of the underlying share as at the date of grant.

A summary of the details in respect of LTIP Share Options granted in 2010 is set out below

	2010 Non Market Based Conditions 14 June 2010	2010 Market Based Conditions 14 June 2010
Grant date	14 June 2010	14 June 2010
Fair value at measurement date	€2.29	€1.12
Share price at date of grant	€2.33	€2.33
Exercise price	€0.05	€0.05
Expected volatility	33.2%	33.2%
Expected life	4.3 years	4.3 years
Expected dividend yield	n/a	n/a
Risk free interest rate	4.6%	4.6%
Valuation model	Monte Carlo simulation	Monte Carlo simulation
Vesting period	3 years	3 years



Sangers (Northern Ireland) Limited

Notes (continued)

There are cross guarantees in place to First Trust Bank plc in respect of the bank overdraft of certain group undertakings. There are also guarantees in place to Ulster Bank, Bank of Ireland and First Trust Bank in respect of all the present and future liabilities of several of their customers. Guarantees totalling £5 356 000 (2009 £6 460 000) are in place at the year end.

22 Group affiliation

At 30 September 2010 the Company's entire share capital was owned by Alchem plc, a Company incorporated in Northern Ireland.

The largest group in which the results of the Company are consolidated is that headed by United Drug plc, a Company incorporated in the Republic of Ireland. The directors regard United Drug plc as the ultimate parent Company. The consolidated financial statements of this group are available to the public and may be obtained from the following addresses:

The Secretary
United Drug plc
United Drug House
Magna Business Park
Magna Drive
Citywest Road
Dublin 24

23 Related party transactions

Since more than 90% of the company's voting rights are controlled within the United Drug plc group of companies, of which it is a member, the Company has taken advantage of the exemption not to disclose transactions with entities that are part of the group.

The company pays the administration costs of the main pension scheme, Sangers (Northern Ireland) Limited Pension Fund. In the year ended 30 September 2010 these costs amounted to £99 235 (2009 £133 534).

During the year the company made the following related party transactions with joint ventures of Sangers (NI) Limited:

		2010 £000	2009 £000
Purchases	Unidrug Group Distribution Limited	(15 539,638)	(19 672 363)
	Pharma Services Limited	(348 181)	(343 220)
The balance owed to (by) Sangers (NI) Limited in respect of the above transactions at the year end:			
	Unidrug Group Distribution Limited	(543 612)	(1 387 089)
	Pharma Services Limited	(113 022)	(52 675)

