

United Drug plc

Preliminary Announcement of Results

Year ended 30 September 2008

Highlights

	IFRS based €'000	Intangible amortisation €'000	Adjusted €'000	Increase on 2007
Revenue	1,683,712	-	1,683,712	6%
Operating profit	66,220	11,977	78,197	17%
Profit before tax	58,551	11,977	70,528	13%
Diluted earnings per share (cent)	21.61	4.09	25.70	12%
Dividend per share (cent)	8.00	-	8.00	10%

United Drug believes that the adjusted operating profit, adjusted profit before tax and adjusted diluted earnings per share are more appropriate measures of the underlying group performance than those measurements set out in the primary financial statements, as this information is in a format communicated to and reviewed by the investment community.

**United
drug**

Results highlights

	2008 €'mn	2007 €'mn	Increase %	Constant currency % increase
Revenue	1,683.7	1,583.6	6	10
Operating profit *	78.2	66.6	17	24
Profit before tax *	70.5	62.3	13	20
Diluted earnings per share (cent) *	25.70	23.02	12	18
Dividend per share (cent)	8.00	7.30	10	10
Net debt	159.1	68.3		
Net debt/EBITDA** (times)	1.65	0.91		

* before amortisation of intangible assets.

** annualised EBITDA of companies acquired during the year.

2008 Financial highlights

- Another year of double-digit profit, earnings and dividend growth.
- Operating leverage – continued expansion of the Group into higher margin activities delivered further margin expansion with growth in operating profit and pre-tax profit ahead of revenue growth.
- Operating profit growth of 17% in the year despite the fall in the value of sterling relative to the euro which reduced the translated value of the sterling profits by over €4 million. On a constant currency basis, pre tax profits are 20% ahead of 2007.
- Tight working capital management has helped to deliver another healthy cash flow performance.
- 10% growth in dividend per share reflecting strong operating performance, cash flow and balance sheet.
- Strong balance sheet at year end with modest debt levels and additional financing lines in place.

2008 Strategic & Operating highlights

- Good performance by the Group with growth reported in each of our four operating divisions.
- Solid performance from the growing pharma packaging business in Europe.
- Expansion of the packaging business to the US market through the acquisition of Sharp Corporation.
- Expansion of our presence in the Irish Medical & Scientific market through the acquisition of JVA.
- Broadening of our contract sales and marketing services with acquisitions in the US and UK markets.
- Further market share gains in both the Republic of Ireland and Northern Ireland wholesale businesses.

Chief Executive's comment

Commenting on the 2008 performance, United Drug Chief Executive Officer, Liam FitzGerald said:

"2008 has been another excellent year for United Drug with good growth across all parts of the business. We are reporting a 17% increase in operating profit despite the fall in the value of sterling reducing the euro value of profits generated in the UK. On a constant currency basis operating profit is 24% ahead of last year. This performance highlights the defensive nature of our business and the operating leverage within the business as we continue to develop higher margin services.

We have made significant progress during the year with market share gains and an extension of our service offering both by activity and geography combined with good revenue and profit growth. We have also produced another strong cash flow performance and are well positioned to exploit further opportunities in the growth markets in which we operate, even in a more difficult economic environment."

Dividends

The directors are proposing a final dividend of 5.77 cent per share. This gives a total dividend for the year of 8.00 cent per share, an increase of 10% over the 2007 total dividend, and continues our progressive dividend policy.

The directors are pleased to advise that all shareholders will be given the opportunity of receiving all or part of their 2008 final dividend as a scrip dividend in the form of new shares. It is expected that the share alternative election/mandate forms, setting out details of the share alternative offer and the procedures to be followed, will be posted to shareholders in January 2009.

Payments in respect of the final dividend or, alternatively, share certificates will be issued, on 18 February 2009 to holders of ordinary shares whose names appear on the Company's register at the close of business on 5 December 2008.

Management Re-organisation

To better reflect the growth and changing nature of our businesses and the requirements of our customers, some structural and management changes are being implemented in the 2009 financial year. The Pharma Wholesale, contract distribution element of Supply Chain Services and Medical & Scientific businesses are being combined to form a single Healthcare Supply Chain division. This division will be led by Alan Ralph, the current Managing Director of the Pharma Wholesale division. Annette Flynn will take responsibility for the newly formed Packaging and Speciality Services division. The Contract Sales & Marketing Services division will not change as part of this re-organisation and will continue to be led by Chris Corbin.

Group Development and Outlook

During 2008, United Drug has continued its development as a major international healthcare services company. The range of services available to our manufacturer partners has been significantly extended and our geographical footprint expanded to include the US market. The drive to provide more value-added services for our customers and to continue to improve productivity within our operations is reflected in a further increase in margins across the business continuing the margin progression that has been achieved over each of the last five years. In addition, we have produced another strong cash flow performance in the year.

The Group remains positive about the fundamentals of its core markets and its position within those markets, despite the ongoing challenge presented by Government regulation and budgetary pressures impacting on parts of the business. The Group continues to see opportunities to expand the business, both organically and through acquisition, although we are facing into a much more difficult economic environment with continued uncertainty in global financial markets. The continued weakening of sterling relative to the euro may constrain reported growth rates in the current year. The Group continues to have a strong balance sheet and positive internally generated cash flows to support our growth objectives.

Review of Operations

Supply Chain Services

The Supply Chain Services division provides outsourced logistics and related value-added services to pharmaceutical, biotechnology, nutraceutical and veterinary manufacturers, and continues to broaden the range and geographical reach of services provided to manufacturer clients. The activities of the division can be broken down into three elements: Contract Distribution Outsourcing (CDO), Speciality and Clinical Services and Contract Packaging.

The CDO business is made up of the Irish and UK pre-wholesale and single channel supply consumer products businesses. UDG, the UK pre-wholesale business, operated as a joint venture with Alliance Boots, continues to win new business and market share in the growing UK outsourcing market. In Ireland, our UDD business performed well and has grown sales and profits in a more mature market. Our small consumer products business in Ireland is operating efficiently and trading profitably in a market that is being impacted by lower consumer spending.

The Speciality and Clinical Services business includes MASTA in the UK and Temperature Controlled Pharmaceuticals (TCP) in Ireland. MASTA acquires, markets, sells and distributes flu and travel vaccines to GPs and clinics and administers travel vaccines to the general public through franchised and self-owned clinics. The company continues to increase its penetration in the UK market and now operates through thirty-nine proprietary and partnered clinics. MASTA has produced a solid performance in the year although down on the prior year due to a slower take-up of flu vaccinations in the UK at the beginning of the year. TCP is a start-up business that successfully operates a number of infusion clinics in Ireland and offers a comprehensive special logistics and nurse-led patient administration service for pharmaceutical manufacturers and healthcare authorities. It is planned to roll out these speciality services to the UK market, in conjunction with MASTA.

In Contract Packaging, we provide total packaging solutions for branded pharmaceutical, generic and nutraceutical manufacturers. We have significantly increased our footprint in this market during the year through the acquisition of one of the leading service providers in the USA, Sharp Corporation. This acquisition complements our existing operations in the UK, The Netherlands and Belgium and positions United Drug as one of the leading international providers of outsourced packaging services for healthcare manufacturers. The packaging businesses have performed in line with or ahead of our expectations in the year and provide us with a strong platform to further develop this service for existing and prospective clients.

The Supply Chain Services division has performed strongly during the year across all businesses and provides a solid platform from which to grow both the range of services offered and the depth of client reach.

Medical & Scientific

The Medical & Scientific (M&S) division provides sales, technical support, logistics and back-office services for high quality, technology-driven, medical equipment and devices manufacturers in both the Irish and UK markets.

We have significantly increased our presence in the Irish market through the acquisition of JVA in December 2007. JVA operates in the analytical chemistry sector supplying and servicing complex analytical equipment analysers to pharmaceutical manufacturers and third level research facilities. The potential of synergies with our existing industrial and scientific business will allow us to maximise our position in this high-technology equipment and engineering support sector.

Our other businesses in Ireland are based in the medical and clinical diagnostics areas, selling mainly to public and private hospitals. We also have a community business, supplying nursing homes, which is a market leader in Northern Ireland and is growing well in the Republic of Ireland as investment in this area continues. In our hospital-based businesses, our clinical diagnostics unit had a strong year as we leveraged our market dominance in key clinical areas to win a number of equipment placements. Our focus on Point of Care diagnostic solutions was rewarded with good business gains.

Our medical equipment business in Ireland, represented by Intraveno, was negatively impacted by a slowdown in the implementation of a number of forecast capital projects in areas such as robotics, sterilisation and infusion therapy. We believe that these projects have been delayed rather than postponed, but there is no certainty as to when they will be completed. This is a cycle that we have experienced before and given current healthcare budgetary pressures, we expect this portion of the market to remain challenging in the near term. However, we have retained market share and continue to expand our presence in this sector.

In the UK, our business model is based around operating in niche, clinical specialities in areas such as orthopaedic joint replacement, endoscopy and cardiology.

Our businesses in the UK produced a satisfactory performance, with most business units delivering growth year on year. While the whole business produced satisfactory results, the Endoscopy business was particularly successful as it expanded its presence in the broader NHS arena. We expect our performance to be further strengthened by the release of a proprietary imaging system, which will add significant value to our product offering.

Our specialist surgical team based in the Pyramed and Mantis Surgical businesses also delivered good growth in the year. While all our UK businesses are focused on particular clinical niches, this business unit attempts to utilise new technologies across specialist areas. Spending constraints by some major pharmaceutical manufacturers on capital projects during the year did impact our analytical chemistry business in the UK. This business is however well positioned to maximise opportunities as they arise in this sector in the year ahead.

The M&S division has produced growth in revenues and profits during the year although somewhat below our expectations. Healthcare budgetary pressures do impact on parts of this business from time to time and given the current economic outlook in the markets in which we operate, this is likely to continue into the current financial year. Our businesses in this division have a broad spread of revenue streams and manufacturer and client relationships and many of these should not be impacted by capital spending constraints. We are confident that the quality product portfolio we represent combined with the experience and expertise of our specialist sales force will allow these businesses to continue to prosper.

Contract Sales & Marketing Services

The division previously referred to as the Contract Sales Outsourcing division has significantly broadened its service offering over the last twelve months and, to better reflect the increased service offering to healthcare clients, the division has been renamed the Contract Sales & Marketing Services division.

Through AshfieldIn2Focus, we have strong market leading positions in the provision of contract sales outsourcing services to pharmaceutical manufacturers in the UK and Ireland with a developing business in the US. To seek to leverage our strong relationships with manufacturer clients and the growing trend amongst pharmaceutical manufacturers to outsource more of their non-core functions, we have expanded our activities in this division to include a range of complementary marketing services. The broadening of the service offering and the geographic reach has been enhanced by a number of small bolt-on acquisitions during the year.

During the year we acquired Alliance Healthcare, a US based company, which provides a range of call centre solutions to support pharmaceutical companies sales, marketing and regulatory requirements, including medical affairs information, patient compliance support and clinical trials recruitment. The range of services available to our clients was also extended by the acquisition of two companies providing conference management solutions. In November 2007, we acquired Procon Conferences, a UK pharmaceutical conference services company providing full corporate event management services targeted specifically at the pharmaceutical and healthcare sector. Procon's services include venue finding, association and secretariat membership, delegate registration through to full event management. This capability was extended in April 2008 with the acquisition of Universal Conference and Incentive Travel, who provide event management services to pharmaceutical companies, both at pre and post approval stages of product development based in the UK and US. Finally, we increased our training capacity with the acquisition of Business Edge Solutions and Training, a company that provides a range of personal, sales and team effectiveness training programmes for pharmaceutical companies in the UK market.

These bolt-on acquisitions complement our market leading and growing contract sales and marketing operations in the UK and Ireland and will allow us provide additional value-added services to clients in existing and new markets. Following the acquisition of Universal, the event management business of Procon has been merged with Universal to provide a more comprehensive service offering for clients and the largest supplier of event management services for the pharmaceutical industry in the UK.

The division has reported a very good outcome for the year, well ahead of the prior year and continues to see a very positive business environment as manufacturer clients seek more flexible means of deploying their sales and marketing efforts.

Pharma Wholesale

The Pharma Wholesale division provides a best-in-class service for independent retail pharmacy customers enabling them to compete effectively in the marketplace. The division comprises market leading, full line wholesaling businesses in the Republic of Ireland and Northern Ireland markets and a niche specials distribution business in the UK market. The division has produced another strong performance in 2008 with sales, profits and market share all increasing combined with strong cash flows.

Our Republic of Ireland pharmaceutical wholesale business, United Drug Wholesale (UDW), has further strengthened its position during the year as the market leading wholesaler supporting independent retail pharmacy in this competitive market. UDW's aim is to provide a top-quality customer focused wholesale service at a competitive price. To do this the business continues to broaden the range of services it provides to customers and to automate its operations to improve productivity levels. The recent decision by the Irish Health Service Executive (HSE) to reinstate the reimbursement price it pays to community pharmacy for medicines it funds under various HSE schemes should remove some of the uncertainty from the market.

The value of medicines consumed in the Republic of Ireland continues to grow strongly although the rate of growth did slow somewhat in the second half of the financial year due to the uncertainty surrounding reimbursement to retail pharmacy and the slowdown in general consumer spending impacting on non-prescription sales from pharmacy.

In Northern Ireland, our Sangers business has also increased its leadership position as the supplier of choice for retail pharmacists in this growing market. We continue to see a move by pharmaceutical manufacturers to a Direct-to-Pharmacy (DTP) distribution model. Under DTP, the manufacturer appoints a limited number of wholesalers to act as their exclusive distribution agents in the territory. Sangers is involved in all DTP arrangements in the market. Some of these arrangements reduce our reported revenues, as we now charge a fee-for-service rather than buying and re-selling product. Our profitability has not been affected by this market evolution and indeed this change has helped us to continue to increase our market share and further improve our cash flows.

In 2007 we acquired Craig & Hayward, a UK based specials distributor. A 'specials medicine' is a special formulation of a product manufactured to meet a specific patient prescription requirement. Craig & Hayward acts as a 'one stop shop' for any specials requirements for the retail pharmacy sector in the UK. This business has performed very well during the year, ahead of our expectations, as we continue to leverage Group relationships to broaden the customer base.

The Pharma Wholesale businesses operate in growing markets with growth underpinned by increasing and ageing populations and an increasing demand for the products and services we supply. These markets are the focus of Government cost saving initiatives as they seek to slow the increase in public healthcare expenditure. Our businesses are well positioned to prosper in these markets based on our strong market positions combined with our focus on efficiency and customer relationships.

Finance Review

Revenue

Revenue for the year of €1.68 billion is 6% ahead of 2007 with revenue growth reported in each of the four business divisions. Revenue growth in Pharma Wholesale was reduced by the move in our Northern Ireland business to a DTP arrangement with a number of manufacturers. Under DTP, we charge a fee-for-service rather than buying and re-selling product thereby reducing our revenue. On a constant currency basis revenue is 10% higher than 2007.

Adjusted Operating Profit*

Operating profits are ahead of last year in each of the four business divisions. The move into higher margin activities has helped to deliver a 17% increase in operating profits from a 6% increase in revenues.

Adjusted Profit before Tax*

Net interest costs in the year of €7.7 million are €3.4 million higher than in 2007 as we take account of the finance cost of acquisitions completed during 2007 and 2008. After these interest costs, profit before tax of €70.5 million is 13% higher than 2007.

Adjusted Earnings per Share*

Earnings per share for the year of 25.70 cent, increased 12% on 2007. EPS growth is lower than profit growth in the year as a result of an increased tax charge, with the acquisition of businesses in higher tax rate jurisdictions, and an increase in the number of shares in issue following share issues under the scrip dividend and other share schemes.

Cash Flow

Free cash flow for the year, before acquisition expenditure and dividends, amounted to €45.8 million. The absolute value of the investment in working capital increased during the year but at a lower rate than revenue growth as underlying working levels were further reduced. Free cash flow for the year is after net capital expenditure of €24.1 million, much of this development expenditure, as we expand capacity, particularly in our packaging business. A total of €117.5 million, including debts taken over, was spent on acquiring new businesses or on deferred consideration payments due on acquisitions completed in earlier years. The net cash flow for the year results in an increase in net debt of €90.8 million.

Balance Sheet

Net debt at the end of the period was €159.1 million giving a gearing ratio of 46.2%. Net debt levels equate to 1.8 times EBITDA for the year, or 1.65 times when EBITDA is adjusted to take in a full year contribution from acquisitions completed during the year. Interest charges are covered more than 11 times by EBITDA.

Net assets at the end of the year amount to €344.2 million an increase of €25.3 million on the net assets reported at 31 March 2008.

*before amortisation of intangible assets.

2008 Annual Report and Annual General Meeting

The 2008 Annual Report and Accounts will be published in January 2009 and the Annual General Meeting of the Company will be held on 17 February 2009.

Forward-looking information

Some statements in this announcement are forward looking. They represent expectations for the Group's business, and involve risks and uncertainties. The Group has based these forward-looking statements on current expectations and projections about future events. The Group believes that expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which in some cases are beyond the Group's control, actual results or performance may differ materially from those expressed or implied by such forward-looking statements.

This announcement and further information is available on our web-site: www.united-drug.ie.

Group income statement

for the year ended 30 September 2008

	Notes	2008 €'000	2007 €'000
Revenue	3	1,683,712	1,583,622
Cost of sales		(1,423,978)	(1,352,186)
Gross profit		259,734	231,436
Distribution expenses		(178,185)	(161,617)
Administration expenses		(6,741)	(6,372)
Other operating expenses		(11,977)	(6,554)
Share of joint ventures' profit after tax	4	3,389	3,145
Operating profit		66,220	60,038
Finance income		3,121	9,477
Finance expense		(10,790)	(13,742)
Profit before tax		58,551	55,773
Income tax expense		(8,346)	(8,443)
Profit for the financial year attributable to equity holders of the Company		50,205	47,330
Earnings per share			
Basic	5	21.81c	20.96c
Diluted	5	21.61c	20.81c

Group statement of recognised income and expense

for the year ended 30 September 2008

	Notes	2008 €'000	2007 €'000
Items of income/(expense) recognised directly within equity:			
Foreign currency translation adjustment	8	(25,908)	(7,211)
Loss on hedge of net investment on foreign operations	8	(3,806)	-
Group cash flow hedges:			
Effective portion of cash flow hedges	8	923	1,926
Movement in deferred tax	8	(115)	(241)
Group defined benefit pension schemes:			
Actuarial (loss)/gain	8	(5,361)	6,461
Movement in deferred tax	8	402	(1,265)
Net expense recognised directly within equity		(33,865)	(330)
Profit for the financial year		50,205	47,330
Total recognised income and expense for the year attributable to equity holders of the Company		16,340	47,000

Group balance sheet

as at 30 September 2008

	Notes	2008 €'000	2007 €'000
ASSETS			
Non-current			
Property, plant and equipment		109,923	68,093
Goodwill	6	187,627	148,544
Intangible assets	6	54,671	39,404
Investment in joint ventures	6	19,630	20,857
Employee benefits		11,720	-
Total non-current assets		383,571	276,898
Current			
Inventories		165,697	161,882
Trade and other receivables		313,951	279,550
Cash and cash equivalents	7	85,032	57,547
Total current assets		564,680	498,979
Total assets		948,251	775,877
EQUITY			
Equity share capital	8	12,002	11,801
Share premium	8	116,409	103,473
Other reserves	8	(36,191)	(8,170)
Retained earnings	8	252,010	223,965
Capital and reserves attributable to equity holders of the Company		344,230	331,069
LIABILITIES			
Non-current			
Interest-bearing loans and borrowings	7	217,201	74,873
Provisions		7,821	9,377
Employee benefits		17,569	6,334
Derivative financial instruments	7	11,376	7,574
Deferred tax liabilities		10,212	9,525
Total non-current liabilities		264,179	107,683
Current			
Bank overdrafts	7	1,266	8,000
Interest-bearing loans and borrowings	7	13,760	28,810
Trade and other payables		308,296	278,895
Current tax liabilities		4,441	6,915
Provisions		11,535	7,937
Derivative financial instruments	7	544	6,568
Total current liabilities		339,842	337,125
Total liabilities		604,021	444,808
Total equity and liabilities		948,251	775,877

Group cash flow statement

for the year ended 30 September 2008

	2008 €'000	2007 €'000
Cash flows from operating activities		
Profit before tax	58,551	55,773
Finance income	(3,121)	(9,477)
Finance expense	10,790	13,742
Operating profit	66,220	60,038
Share of joint ventures' profit after tax	(3,389)	(3,145)
Depreciation charge	10,167	8,171
Profit on disposal of property, plant and equipment	(193)	(331)
Amortisation of intangible assets	11,977	6,554
Share-based payment expense	1,430	1,126
Charge in respect of share entitlement scheme	32	70
Increase in inventories	(1,825)	(3,449)
Increase in trade and other receivables	(15,938)	(12,020)
Increase in trade and other payables	13,449	13,011
Interest paid	(9,389)	(6,350)
Income taxes paid	(13,335)	(8,828)
Net cash inflow from operating activities	59,206	54,847
Cash flows from investing activities		
Interest received	1,613	1,556
Purchase of property, plant and equipment	(26,845)	(9,589)
Proceeds from disposal of property, plant and equipment	2,744	1,313
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	(100,590)	(51,467)
Deferred acquisition consideration paid	(7,921)	(11,727)
Investment in joint ventures	-	(809)
Dividends received from joint ventures	2,735	1,628
Net cash outflow from investing activities	(128,264)	(69,095)
Cash flows from financing activities		
Proceeds from issue of shares (including share premium thereon, net of scrip dividend)	7,119	7,761
Purchase of treasury shares	(617)	-
Proceeds from interest-bearing loans and borrowings	135,929	22,535
Repayments of interest-bearing loans and borrowings	(21,379)	-
(Decrease)/increase in finance leases	(627)	1,002
Dividends paid to equity holders of the Company	(11,318)	(9,636)
Net cash inflow from financing activities	109,107	21,662
Net increase in cash and cash equivalents	40,049	7,414
Translation adjustment	(5,830)	(1,015)
Cash and cash equivalents at beginning of year	49,547	43,148
Cash and cash equivalents at end of year	83,766	49,547
Cash and cash equivalents are broken down as follows:		
Cash at bank and short term deposits	85,032	57,547
Bank overdrafts	(1,266)	(8,000)
	83,766	49,547

Notes to the preliminary announcement

for the year ended 30 September 2008

1. Reporting entity

United Drug plc (the "Company") is a company domiciled in Ireland. The preliminary financial statements of the Company for the year ended 30 September 2008, is comprised of the Company and its subsidiaries (together referred to as the "Group").

The financial information presented herein does not amount to statutory financial statements that are required by Section 7 of the Companies (Amendment) Act, 1986 to be annexed to the annual return of the Company. The statutory financial statements for the year ended 30 September 2007, on which the auditors gave an unqualified opinion, has been attached to the annual return of the Company and filed with the Registrar of Companies. The statutory financial statements for the year ended 30 September 2008 will be annexed to the annual return of the Company and filed with the Registrar of Companies.

2. Basis of preparation

The financial information presented in this report has been prepared in accordance with the Group's accounting policies under International Financial Reporting Standards (IFRS), as adopted by the EU and as set out more fully in the Group's last Annual Report.

Certain comparative figures have been reclassified to conform to the current year presentation.

3. Segmental analysis

Business segment analysis

	2008		2007	
	Revenue €'000	Net result* €'000	Revenue €'000	Net result* €'000
Pharma Wholesale	998,008	29,651	979,267	26,691
Supply Chain Services	798,605	19,921	735,218	15,878
Medical & Scientific	102,263	15,808	101,518	14,546
Contract Sales & Marketing Services	135,088	12,817	103,776	9,477
Inter-segment sales	(350,252)	-	(336,157)	-
	1,683,712	78,197	1,583,622	66,592

* Net result represents reported operating profit excluding amortisation of intangible assets of €11,977,000 (2007: €6,554,000).

4. Share of joint ventures' profit after tax

	2008 €'000	2007 €'000
Group share of revenue	406,027	429,437
Group share of expenses, inclusive of tax	(402,638)	(426,292)
Group share of profit after tax	3,389	3,145

Notes to the preliminary announcement (continued)

for the year ended 30 September 2008

5. Earnings per ordinary share

	2008 €'000	2007 €'000
Profit for the financial year	50,205	47,330
Adjustment for amortisation of intangible assets (net of tax)	9,500	5,040
Earnings adjusted for amortisation of intangible assets	59,705	52,370
	Number of shares	Number of shares
Weighted average number of shares	230,237,796	225,863,180
Number of dilutive shares under option	2,060,526	1,617,076
Weighted average number of shares, including share options	232,298,322	227,480,256
Basic earnings per share - cent	21.81	20.96
Diluted earnings per share - cent	21.61	20.81
Adjusted basic earnings per share - cent*	25.93	23.19
Adjusted diluted earnings per share - cent*	25.70	23.02

* excluding amortisation of intangible assets

Of the 7,762,662 (2007: 7,623,066) treasury shares held by the Group, 7,528,066 (2007: 7,528,066) of these shares do not rank for dividend and have therefore been excluded from the weighted average number of shares in issue used in the calculation of earnings per share.

6. Movement in goodwill, intangible assets and investment in joint ventures

	Goodwill €'000	Intangible assets €'000	Investment in joint ventures €'000	Total €'000
Balance at 1 October 2007	148,544	39,404	20,857	208,805
Acquired during the year	51,738	30,062	-	81,800
Revision to prior year acquisitions	389	-	-	389
Amortisation of intangible assets	-	(11,977)	-	(11,977)
Share of joint ventures' profit after tax	-	-	3,389	3,389
Dividends received from joint ventures	-	-	(2,735)	(2,735)
Translation adjustment	(13,044)	(2,818)	(1,881)	(17,743)
Balance at 30 September 2008	187,627	54,671	19,630	261,928

Notes to the preliminary announcement *(continued)*

for the year ended 30 September 2008

7. Net debt

	As at 30 September 2008 €'000	As at 30 September 2007 €'000
Current Assets		
Cash at bank and short term deposits	85,032	57,547
Current liabilities		
Bank overdrafts	(1,266)	(8,000)
Interest-bearing loans and borrowings	(12,603)	(28,234)
Finance leases	(1,157)	(576)
Derivative financial instruments	(544)	(6,568)
Non-current liabilities		
Interest-bearing loans and borrowings	(215,837)	(74,404)
Finance leases	(1,364)	(469)
Derivative financial instruments	(11,376)	(7,574)
	(159,115)	(68,278)

Notes to the preliminary announcement *(continued)*

for the year ended 30 September 2008

8. Equity

	Other reserves							Total equity €'000
	Equity share capital	Share premium	Cash flow hedge	Share-based payment	Foreign exchange	Treasury shares	Retained earnings	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
At 1 October 2007	11,801	103,473	566	2,987	(5,690)	(6,033)	223,965	331,069
New shares issued	201	12,936	-	-	-	-	-	13,137
Effective portion of cash flow hedges	-	-	923	-	-	-	-	923
Deferred tax on cash flow hedges	-	-	(115)	-	-	-	-	(115)
Share-based payment expense	-	-	-	1,430	-	-	-	1,430
Transfer to share-based payment reserve	-	-	-	175	-	-	-	175
Release from share-based payment reserve	-	-	-	(175)	-	-	175	-
Translation adjustment	-	-	-	-	(25,908)	-	-	(25,908)
Loss on hedge of net investment in foreign operations	-	-	-	-	(3,806)	-	-	(3,806)
Profit for the year	-	-	-	-	-	-	50,205	50,205
Dividends to equity holders	-	-	-	-	-	-	(17,336)	(17,336)
Transfer in respect of share entitlement scheme	-	-	-	-	-	-	32	32
Actuarial loss on defined benefit pension schemes	-	-	-	-	-	-	(5,361)	(5,361)
Deferred tax on defined benefit pension schemes	-	-	-	-	-	-	402	402
Purchase of treasury shares	-	-	-	-	-	(617)	-	(617)
Release of treasury shares on vesting	-	-	-	-	-	72	(72)	-
At 30 September 2008	12,002	116,409	1,374	4,417	(35,404)	(6,578)	252,010	344,230

The translation adjustment arises on the translation of non euro denominated assets and liabilities into euro at the reporting date.

9. Dividends

The directors have proposed a final dividend of 5.77 cent per share (2007: 5.33 cent per share), subject to shareholder approval at the Annual General Meeting.

This dividend has not been provided for in the balance sheet at 30 September 2008 as there was no present obligation to pay the dividend at the reporting date.

Notes to the preliminary announcement (*continued*)

for the year ended 30 September 2008

10. Acquisition of subsidiary undertakings

The acquisitions completed by the Group during the year, together with percentages acquired were as follows:

- *Alliance Healthcare Information Inc (100%)*: a pharmaceutical sales and marketing services company. This company was acquired on 15 October 2007.
- *Procon Conferences Limited (100%)*: a pharmaceutical conference services company. This company was acquired on 20 November 2007.
- *JVA Analytical Limited (100%)*: a distributor of specialist analytical chemistry equipment. This company was acquired on 13 December 2007.
- *Universal Conference and Incentive Travel Limited (100%)*: a provider of event management services to the pharmaceutical sector. This company was acquired on 3 April 2008.
- *Business Edge Solutions & Training Limited (100%)*: a provider of sales force effectiveness training services to the pharmaceutical sector. This company was acquired on 3 April 2008.
- *Sharp Corporation (100%)*: a provider of contract packaging services to the pharmaceutical sector. This company was acquired on 11 August 2008.

Including estimated deferred consideration payable of €11,053,000 and interest bearing loans and borrowings assumed, the total consideration for all these transactions was €120,432,000.

The Group has also reviewed its estimate of consideration in respect of prior year acquisitions. Additional professional fees of €164,000 were paid during the year, as well as an adjustment of €225,000 to inventory valuations. This has resulted in a corresponding increase in goodwill in excess of amounts previously accrued.

The acquisition of Sharp Corporation ("Sharp") has been deemed to be a material transaction and separate disclosure of the fair values of the identifiable assets and liabilities has therefore been made. None of the remaining business combinations completed during the financial year were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations.

The carrying amounts of assets and liabilities which were acquired, determined in accordance with IFRS, before completion of the combinations, together with the adjustments made to those carrying values to arrive at the fair values were as follows:

Notes to the preliminary announcement *(continued)*

for the year ended 30 September 2008

10. Acquisition of subsidiary undertakings *(continued)*

	Sharp			Other acquisitions			Total in respect of current period acquisitions €'000	Adjustments to prior period acquisitions €'000	Total €'000
	Book values €'000	Fair value adjustments €'000	Total €'000	Book values €'000	Fair value adjustments €'000	Total €'000			
Property, plant & equipment	26,444	-	26,444	2,775	282	3,057	29,501	-	29,501
Intangible assets	-	9,127	9,127	-	20,935	20,935	30,062	-	30,062
Inventories	6,808	-	6,808	702	-	702	7,510	(225)	7,285
Trade and other receivables	7,968	-	7,968	10,875	-	10,875	18,843	-	18,843
Employee benefit asset	-	10,432	10,432	-	-	-	10,432	-	10,432
Trade and other payables (current)	(4,370)	-	(4,370)	(11,188)	-	(11,188)	(15,558)	-	(15,558)
Employee benefit liability	-	(8,001)	(8,001)	-	-	-	(8,001)	-	(8,001)
Deferred tax	-	(973)	(973)	-	(3,122)	(3,122)	(4,095)	-	(4,095)
Net identifiable assets and liabilities acquired	36,850	10,585	47,435	3,164	18,095	21,259	68,694	(225)	68,469
Goodwill arising on acquisition			22,013			29,725	51,738	389	52,127
			69,448			50,984	120,432	164	120,596
Satisfied by:									
Cash consideration			57,746			46,058	103,804	-	103,804
Professional fees incurred			1,202			1,624	2,826	164	2,990
Net cash and cash equivalents acquired on acquisition			-			(6,204)	(6,204)	-	(6,204)
			58,948			41,478	100,426	164	100,590
Interest-bearing loans and borrowings assumed on acquisition			8,368			585	8,953	-	8,953
Deferred consideration			2,132			8,921	11,053	-	11,053
			69,448			50,984	120,432	164	120,596

Notes to the preliminary announcement *(continued)*

for the year ended 30 September 2008

10. Acquisition of subsidiary undertakings *(continued)*

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of the business combinations disclosed above given the timing of completion of these transactions. Any amendments to these fair values within the twelve month timeframe from the date of acquisition will be disclosable in the 2009 Annual Report as stipulated by IFRS 3, *Business Combinations*.

Goodwill is attributable to the future economic benefits arising from assets which are not capable of being individually identified and separately recognised.

The significant factors giving rise to the goodwill include the value of the workforce and management teams within the business acquired and the enhancement of the competitive position of the Group in the marketplace and the strategic premium paid by United Drug plc to create the combined Group.

The Group's results for the year ended 30 September 2008 includes the following amounts in respect of the businesses acquired during the year:

	Sharp €'000	Other acquisitions €'000	Total €'000
Revenue	8,802	45,872	54,674
Gross profit	2,227	13,143	15,370
Distribution expenses	(1,554)	(8,305)	(9,859)
Other operating expenses*	(176)	(2,306)	(2,482)
Operating profit	497	2,532	3,029
Net interest expense	(414)	(2,193)	(2,607)
Profit before tax	83	339	422
Income tax	(33)	(215)	(248)
Profit after tax	50	124	174

*Other operating expenses consists of amortisation of intangible assets.

Had these acquisitions been effected on 1 October 2007, the combined Group would have recorded total revenues of €1,738,069,000 and profit after interest and tax for the financial year of €50,132,000.



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