



Focus
on
growth

First Half Results for the six months ended 31 March 2008

Financial & Operating Overview

Financial highlights	2008 €'mn	2007 €'mn	Increase %
Revenue	845.07	772.97	9
Operating profit *	36.61	30.62	20
Profit before tax *	33.28	29.01	15
Diluted earnings per share (cent) *	12.13c	10.73c	13
Dividend per share (cent)	2.23c	1.97c	13
Net Debt	82.66	68.28**	
Net Debt to EBITDA (times)	0.99	0.91**	

* before intangible amortisation.

** as at 30 September 2007.

Operating highlights

- Continued double-digit profit, earnings and dividend growth.
- Strong performance and growth reported in each of our four operating divisions.
- Continued market share gains in both the Republic of Ireland and Northern Ireland wholesale businesses.
- Solid performance from our emerging pharma packaging business in Europe.
- 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.
- The fall in the value of sterling relative to the euro reduced the translated value of the sterling profits by approximately €1 million when compared to last year. On a constant currency basis pre-tax profits are 18% ahead of the prior year.
- The expansion of the Group into higher margin activities has helped to drive a further increase in EBIT and pre-tax profit margins.
- Tight working capital management has helped to deliver another good cash flow performance in the period.
- At the end of the period our balance sheet remains strong, with modest debt levels and significant capital resources available.

Summary results

for the six months to 31 March 2008

United Drug is reporting another period of double-digit profit, earnings and dividend growth for the six months to 31 March 2008. Revenue for the period is €845.1 million, an increase of 9% over 2007, and pre-tax profits before intangible amortisation, increased by 15% to €33.3 million. Fully diluted earnings per share before intangible amortisation have increased by 13% to 12.13 cent per share and the interim dividend declared at 2.23 cent is also 13% up on 2007.

These results have been achieved despite the weakening in the value of sterling relative to the euro during the period. The deterioration in the sterling exchange rate impacts on the translation of profits and reduced the value of those translated profits by approximately €1 million when compared with the same period last year. On a constant currency basis pre-tax profits in the period are 18% ahead of 2007.

Chief Executive Officer's comment:

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

"United Drug has made an excellent start to 2008 with strong growth across all parts of the business. Operating profits in the period have increased by 20% (23% on a constant currency basis) when compared with the first half of 2007.

Each of our four operating divisions has traded successfully during the period, and they are managing the challenges they face extremely well. Each division has a number of opportunities to strengthen its position in the growth

markets in which it operates. We also see further opportunities to expand the range of services we provide, both organically and through acquisition."

Dividend

The Board of Directors has declared an interim dividend of 2.23 cent per share. This is an increase of 13% over the 2007 interim dividend and continues the Company's progressive dividend policy which is to increase dividends in line with earnings growth.

The Directors are pleased to advise that all shareholders will be given the opportunity of receiving all or part of the 2008 interim 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 on 30 May 2008.

The interim dividend will be paid or alternatively, share certificates issued, on 11 July 2008 to holders of ordinary shares whose names appear on the Company's register at the close of business on 16 May 2008.

Outlook

United Drug expects the strength of current trading to continue into the second half of its financial year. The weakness in the value of sterling relative to the euro will continue to adversely impact on the translation of profits but full year profits and earnings are still expected to show strong growth over the 2007 results.

We remain positive about the fundamentals of our core markets and we have the opportunity and internal resources to continue to expand both organically and through acquisition to continue the development of United Drug.

Principal risks and uncertainties

Under the Transparency (Directive 2004/109/EC) Regulations 2007, the Group is required to give a description of the principal risks and uncertainties it faces.

The key risks facing the Group in the six month period to 30 September 2008 include the following:

- The Group faces strong 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 Group is currently by agreement. There is no certainty that these agreements will be renewed when they expire, which could lead to a decline in sales and profitability.
- Changes in Government regulations, particularly in the healthcare and pharmaceutical sectors, may adversely affect the Group.
- As an international group with substantial operations and interests outside the eurozone, the Group is subject to the risk of adverse movements in foreign currency exchange rates.
- Movements in interest rates may adversely affect the Group.
- The Group is subject to stringent medical, quality, environmental and health and safety regulations and failure by any part of the Group to fully comply with these regulations could adversely affect the Group.
- The Group requires access to capital to operate on a daily basis and for longer term development projects. Lack of availability of sufficient capital resources may adversely affect the Group.
- Should the Group not be able to fulfil the demand for its products due to circumstances such as the loss of a packaging or storage facility or disruptions to its supply chains, sales volumes and profitability could be affected.
- Group IT facilities could be subject to external interference or viruses, which could result in downtime, which in turn could lead to a decline in sales and profitability.
- The success of the Group is built upon a strong effective management team committed to achieving a superior performance in each of our divisions. The loss of key personnel could for a time have a significant impact on business performance.

The Group has a comprehensive system of risk management and internal controls, which are an integral part of the Group's business processes, and are intended to identify and mitigate such risks and uncertainties.

Review of Operations

Pharma Wholesale

In our United Drug Wholesale business, which serves the Republic of Ireland market, turnover, profitability and market share have all increased during the period. This has been driven by new business won in a growth market, combined with the continued development of our service offerings and management of our cost base.

United Drug Wholesale has further improved its position as the leading wholesaler in the Republic of Ireland, despite the competitive nature of the market.

Government intervention is having a significant impact on the retail pharmacy marketplace. A new agreement on drug prices, resulting in a reduction in the price of off-patent drugs and medicines, took effect on 1 March 2007. The Irish Health Service Executive (HSE), with effect from 1 March 2008, implemented its previously announced intention to reduce the reimbursement price it pays to community pharmacy for medicines funded by the HSE. The recommendation of an independent body, established by the Minister for Health and Children, to set a new community pharmacy dispensing fee, is expected at the end of May 2008. An increased dispensing fee should help offset some of the impact on pharmacists from the reduction in the reimbursement price of medicines.

United Drug Wholesale remains focused on delivering an improved service to our customers whilst reducing our key cost to sales ratio via investment in automation. In the first half of our current financial year we made further investments in warehouse automation. These investments facilitate anticipated volume growth, further improve customer service and efficiently control cost.

United Drug Wholesale has continued to broaden its service offering to our independent community pharmacy customers. Our focus on niche areas such as Ostomy supplies and our Profitlines over the counter offering has seen growth in these areas well in excess of overall market growth.

In Northern Ireland, our Sangers business has further increased its profits and market share during the period. The continued move by pharmaceutical manufacturers to Direct-to-Pharmacy (DTP) distribution arrangements changes the revenue model for Sangers as we now charge a fee-for-service rather than buying and reselling the product. This market change has helped Sangers to continue to build on its clear market leadership position in the growing Northern Ireland market. This growth, combined with margin management and cost control, has resulted in a good increase in overall profitability.

Craig & Hayward, our UK based specials distributor acquired during 2007 has had a very strong performance during the period with revenue and profits exceeding expectations. When combined with the Republic of Ireland and Northern Ireland wholesale businesses, the Group's total Pharma Wholesale division has had a very successful six months and reported strong revenue and profit growth over the corresponding period last year.

Our Pharma Wholesale businesses operate in markets that are the focus of Government cost savings initiatives and manufacturer changes to traditional supply chain models. Despite these cost pressures and market developments there are sound fundamentals driving strong growth in these markets. Our wholesale division has shown resilience to these market challenges and is well placed to continue to prosper based on leading market positions, and our focus on efficiency and customer relationships.

Supply Chain Services

During the first six months of this financial year, the Supply Chain Services division has consolidated its activities into three main interrelated strands; Contract Distribution Outsourcing Services (CDO), Speciality and Clinical Services and Contract Packaging Services. CDO, incorporating the Irish and UK pre-wholesaling and single channel supply consumer products

businesses, performed very strongly in the period. UDG, our pre-wholesale business in the UK held as a joint venture with Alliance Boots, benefited from significant business wins whilst the pre-wholesale business in Ireland, UDD, gained from strong performances by key clients in the market. The small consumer products business in Ireland has been restructured and streamlined and is now operating efficiently, and profitably, off a smaller base.

The Speciality and Clinical Services business includes MASTA in the UK and Temperature Controlled Pharmaceuticals (TCP) in Ireland. MASTA procures, markets, sells and distributes flu and travel vaccines to GPs and clinics and also administers travel vaccines to the general public through partnered and self-owned clinics. Whilst MASTA's underlying performance is solid, it suffered from a slow take-up of flu vaccinations in the UK at the beginning of the year. In June 2007, we took an interest in TCP. This business is in start-up mode but now successfully operates three infusion clinics in Ireland and has recently secured two new contracts with Abbott and Amgen. With MASTA and TCP, we can now offer comprehensive solutions to pharma and Health Authority special logistics and patient administration requirements in both Ireland and the UK.

Review of Operations (*continued*)

The Contract Packaging businesses include TD Packaging in the UK, European Packaging Centre (formerly PLI) in The Netherlands, and Enestia Belgium (formerly Budelpack). The latter two businesses were acquired in 2007.

The three businesses together provide packaging services to the pharmaceutical branded and generics markets as well as the nutraceutical market. TD Packaging benefited from a significant contract with Gerard Pharmaceuticals and continues to win business on the back of flexible, cost efficient solutions. European Packaging Centre performed excellently in the period and has a very solid customer base. Both TD Packaging and European Packaging Centre are well on track to meet earn-out targets. Enestia Belgium operates on a project basis, whereby, in a partnered approach with key clients, it commits to long term projects. The business performed well during the period, successfully delivering on a key project with Laboratoire Besins.

The Supply Chain Services division reported a very strong performance in the first half of the current financial year. Operating from a very strong base, the division is now well positioned to continue to grow as it provides a wide range of supply chain solutions to pharmaceutical manufacturers and national healthcare agencies across Ireland, the UK and Continental Europe.

Medical & Scientific

The Medical & Scientific (M&S) division of United Drug provides best-in-class sales, technical services and back-office support to high quality, technology-driven, medical equipment and devices manufacturers. The division operates in both the Irish and UK markets.

In the first half of 2008 we have significantly increased our presence in the Irish market with the acquisition of JVA. JVA holds an enviable position as a service-driven provider of sales and after-sales support, built around the Varian brand, to the specialist analytical chemistry market. The business has performed very well since the acquisition. We are already identifying significant opportunities for co-operation between JVA and Unitech in the Republic of Ireland and Vector Scientific in Northern Ireland, as we bring new JVA products to existing customers and introduce existing customers to JVA.

We now occupy a unique position in the market in Ireland with a developed Industrial, Scientific, Clinical and Analytical business base. This base can now realise significant synergies through co-operation and exchange of products and customers.

In the period our core businesses continued to perform well. Project funding from the Higher Education Authority (HEA) and other bodies has increased this year, and we are well placed in the scientific, industrial sector to maximise this opportunity. Spending constraints in the HSE have slowed or delayed some capital equipment projects, but despite this we are satisfied with progress to date and have a number of significant projects at an advanced stage of deliberation on a number of different fronts.

In the UK, the development of a 'centre of excellence' at our Basingstoke facility continued with the establishment of a dedicated M&S marketing unit. This department will offer support to our sales teams, as well as complementing the marketing output of our global manufacturing partners. Even more importantly, it will focus on creating primary demand for our products and services through the dissemination and publication of pertinent clinical and educational material. International practice has demonstrated that this approach can be critical in gaining widespread acceptance of revolutionary techniques such as the daVinci operating robot.

On the sales side we have also made progress. In the period we have leveraged the common NHS customer base and shared best practice in our capital equipment businesses by establishing closer managerial links between our existing teams. We have also developed a Key Account Management programme which is driving the selling process across the UK businesses, which will also allow us to introduce an IT driven solution to maximise efficiencies in this area and create a best in class, external-facing customer service focus across the whole division.

These activities will contribute to growing our business position in the UK. As in Ireland, the timing of some capital sales has been slower than originally forecast but there is a strong pipeline of opportunities going into the second half of the year. Pyramed, the UK based interventional cardiology business acquired during the first half of 2007, has successfully completed its earn-out and this was paid out in full during the period.

Growth in the M&S division in the period has been slower than our expectations but a strong pipeline going into the second half of the year should contribute to a stronger full year outcome.

Review of Operations (*continued*)

Contract Sales & Marketing Services (CSM)

The Contract Sales Outsourcing division has significantly broadened its service offering over the last six months and to better reflect the increased service offering to healthcare clients the division is being renamed the Contract Sales & Marketing Services division.

The core sales offering in this division is being extended to include marketing related services as we seek to continue to benefit from the trend amongst pharmaceutical manufacturers to outsource more of their non-core functions. The service offering and geographical reach of the division has been enhanced during the period with two bolt-on acquisitions. In October 2007, we acquired Alliance Healthcare, a US based company, which provides a range of call centre solutions to support pharma companies' sales and marketing requirements, including medical affairs information, patient compliance support and clinical trials recruitment. In November 2007, we acquired Procon, a UK pharmaceutical conference services company providing full corporate event management services targeted specifically at the pharmaceutical and healthcare sector. Services include venue finding, association and secretariat membership, and delegate registration through to full event management.

Since the end of the reporting period we have made two further bolt-on acquisitions. Universal Conference and Incentive Travel provide event management services to pharmaceutical companies, both at pre and post approval stages of product development based in the UK and the US and Business Edge Solutions and Training provide a range of personal, sales and team effectiveness training programmes for pharmaceutical companies in the UK market. These businesses complement our market leading and growing contract sales operations in the UK and Ireland and will allow us to provide additional value-added services to clients in existing and new markets.

Ashfield In2Focus continues to be the supplier of choice for contract sales services in the UK and Irish markets and has had a number of new business wins in the period. This performance plus a contribution from the new businesses added to the division will deliver a strong outcome for the full year and positions the division well for continued growth.

Finance review

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 20% increase in operating profits before intangible amortisation from a 9% increase in revenues.

Profit before Tax

Net interest costs in the period of €3.3 million are €1.7 million higher than in 2007 as we now have a cost for the full period of financing recently completed acquisitions.

After these interest costs, profit before tax and intangible amortisation of €33.3 million is 15% higher than 2007.

Earnings per Share

Diluted earnings per share before intangible amortisation for the period of 12.13 cent, is 13% up on 2007. EPS growth is lower than profit growth in the period as a result of a slight increase in the average tax rate, as a result of 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 six months to 31 March 2008, before capital and acquisition expenditure, amounted to €24 million. The absolute value of the investment in working capital levels increased during the period but at a lower rate than revenue growth as underlying working capital levels improved. Capital expenditure for the period

amounted to €6 million and a further €32.5 million was spent on acquiring new businesses or on deferred consideration payments due on acquisitions completed in earlier years. The cash flow for the period was a net outflow of €14.4 million.

Balance Sheet

Net debt at the end of the period was €82.7 million giving a gearing ratio of 25.9%. Debt levels remain modest given the cash flows of the business, and are less than one times EBITDA. Interest charges are covered more than 12 times by EBITDA.

Net assets at 31 March 2008 are €318.9 million. This is less than the level of net assets at 30 September 2007 as a result of a fall in the value of foreign currency net assets arising from the significant reduction in the value of sterling relative to the euro during the period.

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 are in some cases beyond the Group's control, actual results or performance may differ materially from those expressed or implied by such forward-looking statements.

Statement of directors

in respect of the half-yearly financial report

We confirm our responsibility for the half yearly financial report and that to the best of our knowledge:

■ the condensed interim financial statements comprising the condensed interim income statement, the condensed interim statement of recognised income and expense, the condensed interim balance sheet, the condensed interim cash flow statement, and the related notes have been prepared in accordance with IAS 34, *Interim Financial Reporting* as adopted by the EU;

■ the interim management report includes a fair review of the information required by:

(a) Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Group's auditor has not reviewed these condensed interim financial statements.

On behalf of the Board

R. Kells
Director

L. FitzGerald
Director

2 May 2008

Condensed consolidated interim income statement

for the six months ended 31 March 2008

	<i>Notes</i>	Six months ended 31 March 2008 (Unaudited) €'000	Six months ended 31 March 2007 (Unaudited) €'000
Revenue	3	845,065	772,970
Cost of sales		(715,689)	(660,540)
Gross profit		129,376	112,430
Distribution expenses		(90,659)	(80,250)
Administration expenses		(3,980)	(2,875)
Other operating expenses	6	(5,871)	(2,021)
Share of joint ventures' profit after tax	4	1,871	1,316
Operating profit		30,737	28,600
Finance income		1,091	762
Finance expense		(4,415)	(2,371)
Profit before tax		27,413	26,991
Income tax expense		(4,010)	(4,601)
Profit for the period attributable to equity holders of the Company		23,403	22,390
Earnings per share			
Basic	5	10.22c	9.92c
Diluted	5	10.15c	9.85c

Condensed consolidated statement of recognised income and expense

for the six months ended 31 March 2008

	<i>Notes</i>	Six months ended 31 March 2008 (Unaudited) €'000	Six months ended 31 March 2007 (Unaudited) €'000
Items of income/(expense) recognised directly within equity:			
Foreign currency translation adjustment	<i>9</i>	(30,687)	(1,133)
Group cash flow hedges:			
Effective portion of cash flow hedges	<i>9</i>	1,068	993
Movement in deferred tax	<i>9</i>	(134)	(125)
Group defined benefit pension schemes:			
Actuarial (loss)/gain	<i>9</i>	(2,017)	2,885
Movement in deferred tax	<i>9</i>	(91)	(653)
Net (expense)/income recognised directly within equity		(31,861)	1,967
Profit for the period		23,403	22,390
Total recognised income and expense for the period attributable to equity holders of the Company		(8,458)	24,357

Condensed consolidated interim balance sheet

as at 31 March 2008

		As at 31 March 2008 (Unaudited) €'000	As at 31 March 2007 (Unaudited) €'000	As at 30 September 2007 (Audited) €'000
	<i>Notes</i>			
ASSETS				
Non-current				
Property, plant and equipment		68,488	54,649	68,093
Goodwill	6	151,985	124,864	148,544
Intangible assets	6	45,968	24,901	39,404
Investment in joint ventures	6	18,002	20,203	20,857
Employee benefits		1,250	-	-
Deferred tax assets		-	40	-
Total non-current assets		285,693	224,657	276,898
Current				
Inventories		151,394	143,341	161,882
Trade and other receivables		285,938	274,559	279,550
Cash and cash equivalents	7	79,072	59,262	57,547
Total current assets		516,404	477,162	498,979
Total assets		802,097	701,819	775,877
EQUITY				
Equity share capital	9	11,922	11,712	11,801
Share premium	9	106,944	99,799	103,473
Other reserves	9	(37,846)	(3,544)	(8,170)
Retained earnings	9	237,879	199,480	223,965
Capital and reserves attributable to equity holders of the Company		318,899	307,447	331,069
LIABILITIES				
Non-current				
Interest-bearing loans and borrowings	7	140,782	77,548	74,873
Other payables		7,323	10,208	9,161
Provisions		216	1,362	216
Employee benefits		6,834	9,986	6,334
Derivative financial instruments	7	9,959	4,624	7,574
Deferred tax liabilities		10,304	6,201	9,525
Total non-current liabilities		175,418	109,929	107,683
Current				
Bank overdrafts	7	787	-	8,000
Interest-bearing loans and borrowings	7	2,552	5,927	28,810
Trade and other payables		288,108	264,263	286,369
Current tax liabilities		8,218	7,890	6,915
Provisions		463	230	463
Derivative financial instruments	7	7,652	6,133	6,568
Total current liabilities		307,780	284,443	337,125
Total liabilities		483,198	394,372	444,808
Total equity and liabilities		802,097	701,819	775,877

Condensed consolidated cash flow statement

for the six months ended 31 March 2008

	Six months ended 31 March 2008 (Unaudited) €'000	Six months ended 31 March 2007 (Unaudited) €'000
Cash flows from operating activities		
Profit before tax	27,413	26,991
Finance income	(1,091)	(762)
Finance expense	4,415	2,371
Operating profit	30,737	28,600
Share of joint ventures' profit after tax	(1,871)	(1,316)
Depreciation charge	5,168	3,715
Profit on disposal of property, plant and equipment	(110)	(333)
Intangible amortisation	5,871	2,021
Share-based payment expense	787	491
Change in respect of share entitlement scheme	29	30
Decrease in inventories	6,893	12,636
Increase in trade and other receivables	(11,050)	(8,063)
Decrease in trade and other payables	(797)	(1,884)
Interest paid	(4,648)	(2,276)
Income taxes paid	(2,207)	(1,386)
Net cash inflow from operating activities	28,802	32,235
Cash flows from investing activities		
Interest received	1,091	762
Purchase of property, plant and equipment	(6,685)	(1,862)
Proceeds from disposal of property, plant and equipment	711	493
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	(28,981)	(13,107)
Deferred acquisition consideration paid	(3,472)	-
Dividends received from joint ventures	2,734	-
Net cash outflow from investing activities	(34,602)	(13,714)
Cash flows from financing activities		
Proceeds from issue of shares (including share premium thereon, net of scrip dividend)	3,592	5,509
Purchase of treasury shares	(617)	-
Proceeds from interest-bearing loans and borrowings	72,238	-
Repayments of interest-bearing loans and borrowings	(27,697)	(1,579)
Repayments of finance leases	(148)	(28)
Dividends paid to equity holders of the Company	(7,503)	(6,177)
Net cash inflow/(outflow) from financing activities	39,865	(2,275)
Net increase in cash and cash equivalents	34,065	16,246
Translation adjustment	(5,327)	(132)
Cash and cash equivalents at beginning of period	49,547	43,148
Cash and cash equivalents at end of period	78,285	59,262
Cash and cash equivalents are broken down as follows:		
Cash at bank and short term deposits	79,072	59,262
Bank overdrafts	(787)	-
	78,285	59,262

Notes to the interim accounts

for the six months ended 31 March 2008

1. Reporting entity

United Drug plc (the 'Company') is a company domiciled in Ireland. The unaudited condensed consolidated interim financial statements of the Company for the six months ended 31 March 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 will be annexed to the annual return and filed with the Registrar of Companies. The audit report on those statutory financial statements was unqualified and did not contain any matters to which attention was drawn by way of emphasis.

2. Statement of compliance

These unaudited condensed consolidated interim financial statements ('the interim accounts') have been prepared in accordance with International Financial Reporting Standard, IAS34, *Interim Financial Reporting*. These interim accounts do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent published consolidated financial statements of the Group.

The same accounting policies and methods of computation are followed in these financial statements as were applied in the consolidated financial statements for the year ended 30 September 2007 and as those expected to apply for the financial year to 30 September 2008.

The preparation of financial statements in conformity with IFRSs, as endorsed by the EU, requires the use of certain critical accounting estimates and judgements. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, relate primarily to accounting for defined benefit pension schemes, financial instruments, share-based payments, property, plant and equipment, intangible assets, provisions, goodwill impairment and deferred tax. The assumptions and estimates made in the preparation of the interim accounts are the same as those identified in our most recent annual report. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. There was no significant change to any of these key estimates or judgements in the six month period, other than a change to certain actuarial assumptions.

The income tax expense for the six month period is calculated by applying the Directors' best estimate of the annual effective tax rate to the profit for the period.

The Board approved the interim accounts on 2 May 2008.

Notes to the interim accounts (*continued*)

for the six months ended 31 March 2008

3. Segmental analysis

Business segment analysis

	Six months ended 31 March 2008		Six months ended 31 March 2007	
	Revenue €'000	Net result* €'000	Revenue €'000	Net result* €'000
Pharma Wholesale	514,586	14,667	475,104	11,745
Supply Chain Services	402,076	9,578	348,505	7,590
Medical & Scientific	52,939	7,162	48,799	6,742
Contract Sales & Marketing Services	56,477	5,201	50,282	4,544
Inter-segment sales	(181,013)	-	(149,720)	-
	845,065	36,608	772,970	30,621

* Net result represents reported operating profit excluding intangible amortisation of €5,871,000 (2007: €2,021,000).

4. Share of joint ventures' profit after tax

	Six months ended 31 March 2008 €'000	Six months ended 31 March 2007 €'000
Group share of revenue	261,425	256,361
Group share of expenses, inclusive of tax	259,554	255,045
Group share of profit after tax	1,871	1,316

5. Earnings per ordinary share

	Six months ended 31 March 2008 €'000	Six months ended 31 March 2007 €'000
Profit for the period	23,403	22,390
Adjustment for intangible amortisation (net of tax)	4,573	2,021
Earnings adjusted for intangible amortisation	27,976	24,411

	Number of shares	Number of shares
Weighted average number of shares	229,044,554	225,678,877
Number of dilutive shares under option	1,633,519	1,736,868
Weighted average number of shares, including share options	230,678,073	227,415,745
Basic earnings per share - cent	10.22	9.92
Diluted earnings per share - cent	10.15	9.85
Adjusted basic earnings per share - cent*	12.21	10.82
Adjusted diluted earnings per share - cent*	12.13	10.73

* excluding intangible amortisation.

Of the 7,764,737 (2007: 7,623,066) treasury shares held by the Group, 7,623,066 (2007: 7,623,066) 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.

Notes to the interim accounts (*continued*)

for the six months ended 31 March 2008

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 period	17,714	16,048	-	33,762
Revision to prior year acquisitions	389	-	-	389
Intangible amortisation	-	(5,871)	-	(5,871)
Share of joint ventures' profit after tax	-	-	1,871	1,871
Dividends received from joint ventures	-	-	(2,734)	(2,734)
Translation adjustment	(14,662)	(3,613)	(1,992)	(20,267)
Balance at 31 March 2008	151,985	45,968	18,002	215,955

7. Net debt

	As at 31 March 2008 €'000	As at 31 March 2007 €'000	As at 30 September 2007 €'000
Current Assets			
Cash at bank and short term deposits	79,072	59,262	57,547
Current liabilities			
Bank overdrafts	(787)	-	(8,000)
Loan notes	-	(4,865)	(3,604)
Bank borrowings	(2,071)	(1,047)	(24,630)
Finance leases	(481)	(15)	(576)
Derivative financial instruments	(7,652)	(6,133)	(6,568)
Non-current liabilities			
Interest bearing loans and borrowings	(140,512)	(77,548)	(74,404)
Finance leases	(270)	-	(469)
Derivative financial instruments	(9,959)	(4,624)	(7,574)
	(82,660)	(34,970)	(68,278)

8. Movements in debt

The movement in current and non-current loan notes, bank borrowings, finance leases and derivative financial instruments during the six month period ended 31 March 2008 is set out below. The analysis excludes the movement in cash and cash equivalents.

	As at 31 March 2008 €'000
Balance at 1 October 2007	(117,825)
Amounts repaid	27,845
New drawdowns	(72,238)
Translation adjustment	1,273
Balance at 31 March 2008	(160,945)

Notes to the interim accounts *(continued)*

for the six months ended 31 March 2008

9. Equity

	Equity share capital €'000	Share premium €'000	Other reserves				Retained earnings €'000	Total equity €'000
			Cash flow hedge €'000	Share-based payment €'000	Foreign exchange €'000	Treasury shares €'000		
At 1 October 2007	11,801	103,473	566	2,987	(5,690)	(6,033)	223,965	331,069
New shares issued	121	8,154	-	-	-	-	-	8,275
Scrip issue	-	(4,683)	-	-	-	-	4,683	-
Effective portion of cash flow hedges	-	-	1,068	-	-	-	-	1,068
Deferred tax on cash flow hedges	-	-	(134)	-	-	-	-	(134)
Movement in share-based payment reserve	-	-	-	640	-	-	147	787
Translation adjustment	-	-	-	-	(30,687)	-	-	(30,687)
Profit for the period	-	-	-	-	-	-	23,403	23,403
Dividends to equity holders	-	-	-	-	-	-	(12,186)	(12,186)
Transfer in respect of share entitlement scheme	-	-	-	-	-	-	29	29
Actuarial loss on defined benefit pension schemes	-	-	-	-	-	-	(2,017)	(2,017)
Deferred tax on defined benefit pension schemes	-	-	-	-	-	-	(91)	(91)
Purchase of treasury shares	-	-	-	-	-	(617)	-	(617)
Re-issue of treasury shares	-	-	-	-	-	54	(54)	-
At 31 March 2008	11,922	106,944	1,500	3,627	(36,377)	(6,596)	237,879	318,899

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

10. Dividends

The Board has declared an interim dividend of 2.23 cent per share. This dividend has not been provided for in the balance sheet at 31 March 2008, as there was no present obligation to pay the dividend at the reporting date. During the first half of the financial year, the final dividend for 2007, of 5.33 cent per share, was paid giving rise to a reduction in shareholders' funds of €12,186,000.

11. Acquisition of subsidiary undertakings

The principal acquisitions completed by the Group during the period, 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.

Including estimated deferred consideration payable of €6,342,000, the total consideration for all these transactions was €35,159,000.

The Group has also reviewed its estimate of consideration in respect of prior year acquisitions. Arising from this review, additional professional fees of €164,000 were paid during the period, 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 recognised.

None of the business combinations completed during the year were considered sufficiently material as to warrant separate disclosure of fair values attributable to these combinations. The carrying amounts of assets and liabilities which were acquired, determined in accordance with IFRS, before completion of the combinations were as follows:

Notes to the interim accounts (*continued*)

for the six months ended 31 March 2008

11. Acquisition of subsidiary undertakings (*continued*)

	Book values €'000	Fair value adjustments €'000	Total in respect of current period acquisitions €'000	Adjustments to prior period acquisitions €'000	Total €'000
Property, plant & equipment	1,439	210	1,649	-	1,649
Intangible assets	-	16,048	16,048	-	16,048
Inventories	784	-	784	(225)	559
Trade and other receivables	4,812	-	4,812	-	4,812
Trade and other payables (current)	(3,240)	-	(3,240)	-	(3,240)
Deferred tax	-	(2,608)	(2,608)	-	(2,608)
Net identifiable assets and liabilities acquired	3,795	13,650	17,445	(225)	17,220
Goodwill arising on acquisition			17,714	389	18,103
			35,159	164	35,323
Satisfied by:					
Cash consideration			29,867	-	29,867
Professional fees incurred			832	164	996
Net cash and cash equivalents acquired on acquisition			(1,882)	-	(1,882)
			28,817	164	28,981
Deferred consideration			6,342	-	6,342
			35,159	164	35,323

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*.

11. Acquisition of subsidiary undertakings *(continued)*

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 period ended 31 March 2008 include the following amounts in respect of the businesses acquired during the period:

	2008 €'000
Revenue	11,054
Gross profit	4,255
Distribution expenses	(2,475)
Other operating expenses*	(996)
Operating profit	784
Net interest expense	(668)
Profit before tax	116
Income tax	(114)
Profit after tax	2

*Other operating expenses consist of intangible amortisation.

Had these acquisitions been effected on 1 October 2007, the combined Group would have recorded total revenues of €846,845,000 and profit after interest and tax for the financial period of €23,310,000.

12. Related parties

For the purposes of the disclosure requirements of IAS24, *Related Party Transactions*, the Group has defined the term 'key management personnel' as its executive and non-executive directors, together with Persons Discharging Managerial Responsibility ('PDMRs') as defined in Section 12(8) of the Irish Market Abuse Directive (MAD) Regulations.

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and equity compensation benefits. Key management personnel received total compensation of €2,371,000 for the six months ended 31 March 2008 (2007: €2,092,000).

13. Events after the balance sheet date

On 4 April 2008, the Group acquired the entire issued share capital of Universal Conference and Incentive Travel Limited ('Universal') and Business Edge Solutions & Training Limited ('BEST').

Universal, headquartered in Slough in Berkshire, provides event management services across the UK to pharmaceutical companies, both at the pre and post approval stages of product development. The company also has offices in the US and generates approximately half of its revenues in that market through the provision of an equivalent service offering to US pharmaceutical companies.

BEST is based in St. Albans in Hertfordshire and provides a range of personal, sales and team effectiveness training programmes for pharmaceutical companies in the UK market.

The consideration for the two acquisitions was Stg€11.4 million in cash, payable on completion, plus an additional consideration of up to Stg€2.75 million payable based on achievement of agreed targets over the next three years.

The Group is currently reviewing the fair values of the individual assets and liabilities acquired in respect of the above acquisitions. Therefore, it is impractical to provide the detailed disclosure requirements under IFRS 3, *Business Combinations* at this point in time.

14. Comparative figures

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



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