ARSEUS
Driving superior care

Press release

Regulated information | Consolidated results for the first half of 2011

Waregem (Belgium) / Rotterdam (the Netherlands)[1], 5 August 2011

REBITDA, EBITDA, EBIT AND NET PROFIT INCREASE DOUBLE DIGIT AND FASTER THAN TURNOVER

MANAGEMENT REITERATES EXPECTATIONS FOR 2011

Key points of the first half of 2011:

- **Turnover increased by 13.7% to € 232.7 million**
- **REBITDA increased by 15.2% to € 32.9 million**
- **EBIT increased by 22.1% to € 20.2 million**
- **Net profit increased by 33.0% to € 14.0 million**
- **Cash flow from operational activities: +15.1% to € 19.6 million**
- **Outlook for 2011: Turnover growth between 14% and 18%, organic turnover growth between 3% and 6% and profitability that is expected to grow faster than turnover**

Ger van Jeveren, CEO of Arseus: "Since our independence in October 2007, despite the difficult economic conditions, Arseus has developed into a leading company with a strong focus on innovative products and concepts with added value. It is satisfying to note that Arseus' profitability has evolved in a similar way. In the first half of 2011, the REBITDA, EBITDA, EBIT and net profit once again increased faster than turnover growth. This excellent result was driven by the strong performance of Fagron, Arseus Medical, Corilus and Arseus Dental Technology. The results of Arseus Dental Solutions were below expectations. The management has taken the necessary measures to improve the results of Arseus Dental Solutions and is fully confident that it will also succeed in this.

In line with earlier forecasts, for 2011 we expect turnover growth of between 14% and 18%, organic turnover growth of between 3% and 6% and profitability that is expected to grow faster than turnover."

[1] This press release was sent out by Arseus NV and Arseus BV.

Income statement (x 1,000 euros)	H1 2011	H1 2010	Evolution
Net sales	232,734	204,678	+13.7%
Gross margin	113,825	97,937	+16.2%
As % of net sales	*48.9%*	*47.8%*	
Operating costs	-80,886	-69,332	+16.7%
EBITDA before corporate costs and non-recurrent result	**32,939**	**28,605**	**+15.2%**
As % of net sales	*14.2%*	*14.0%*	
Corporate costs	-3,072	-2,865	+7.2%
EBITDA before non-recurrent result	29,867	25,739	+16.0%
As % of net sales	*12.8%*	*12.6%*	
Non-recurrent result	-2,253	-3,361	-33.0%
EBITDA	**27,613**	**22,378**	**+23.4%**
As % of net sales	*11.9%*	*10.9%*	
Depreciation and amortization	-7,414	-5,831	+27.2%
EBIT	**20,199**	**16,548**	**+22.1%**
As % of net sales	*8.7%*	*8.1%*	
Financial result, excluding revaluation of financial derivatives	-4,379	-2,958	+48.1%
Revaluation of financial derivatives	1,693	-1,023	-265.5%
Profit before taxes	17,513	12,567	+39.4%
Taxes	-3,472	-2,011	+72.6%
Net profit	**14,041**	**10,555**	**+33.0%**
Recurrent net profit[2]	14,411	14,163	+1.8%
Net profit per share (in euros)	0.46	0.35	+31.4%
Recurrent net profit per share (in euros)	0.48	0.47	+2.1%
Average number of shares	30,050,851	30,100,683	-0.2%

Balance sheet (x 1,000 euros)	30-06-'11	31-12-'10
Intangible assets	310,983	284,498
Property, plant and equipment	51,667	48,862
Deferred tax assets	21,128	20,785
Other non current assets	1,658	1,665
Operational working capital	76,859	71,517
Other working capital	-46,807	-39,572
Equity	210,959	208,122
Provisions	4,269	4,251
Financial instruments	3,237	4,931
Deferred tax liabilities	4,445	4,363
Net financial debt	192,577	166,089

[2] Recurrent net profit is defined as the profit before non-recurrent items and the revaluation of financial derivatives, after taxes based on the effective tax rate for the group.

Notes to the consolidated interim financial statements

Income statement

The **consolidated turnover** for the first half of 2011 amounted to € 232.7 million, an increase of 13.7% compared to the first half of 2010. Organic growth was 2.9%. More detailed information on the development of turnover can be found in the press release of 8 July 2011, which can be found at www.arseus.com.

The **gross margin** increased by 16.2% to € 113.8 million. Compared to the first half of 2010, the gross margin as a percentage of the turnover increased by 1.1 percentage points to 48.9%, despite a slight decline at Arseus Dental Solutions.

The **operating costs** as a percentage of turnover increased by 0.9 percentage point during the first half of 2011, to 34.8%. This increase is due on the one hand to the extra efforts which resulted in an increase in the gross margin and on the other to lower than anticipated turnover at Arseus Medical, Corilus and Arseus Dental Solutions.

The **REBITDA**[3] increased faster than turnover, by 15.2% to € 32.9 million.

The **corporate costs** as a percentage of turnover decreased by 0.1 percentage point during the first half of 2011, to 1.3%.

The **non-recurrent result** amounted to -€ 2.3 million, a decrease of 33.0% compared to the first half of 2010. This result primarily consists of acquisition costs and integration costs.

The **EBITDA** increased in the first half of 2011 by 23.4% to € 27.6 million. The operational margin (EBITDA as a percentage of turnover) increased by 1.0 percentage point to 11.9%.

Depreciation and amortization amounted to € 7.4 million, an increase of € 1.6 million compared to the same period in 2010. In the first half of 2011 € 0.5 million extra was written off on accounts receivable and stock, particularly at Arseus Dental.

The **EBIT** amounted to € 20.2 million, an increase of 22.1% compared to the first half of 2010. The EBIT increased significantly faster than the turnover.

The **financial result**, excluding the revaluation of the financial derivatives, amounted to -€ 4.4 million, an increase of 48.1% compared to the first half of 2010. This increase was due to an increase in the net financial debt and an increase in interest rates.

The **revaluation of the financial derivatives** amounted to € 1.7 million. This positive revaluation reflects a rising trend in the interest base. This interest rate hedge does not qualify for hedge accounting according to IAS 39. As a non-cash item, it had been deducted from the financial result and is shown separately in the income statement.

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[3] EBITDA before corporate costs and non-recurrent result.

The **effective tax rate**, as a percentage of the profit before taxes, was 19.8% compared to 16.0% in the same period last year. The higher tax rate is due to the contribution to the profit of the American company Gallipot, acquired in 2010, and the Brazilian company DEG, also acquired in 2010. The effective tax rate is expected to exceed 20% after the consolidation of the Brazilian company Pharma Nostra.

In the first half of 2011, **net profit** increased by 33.0% to € 14.0 million, despite the higher tax rate. The net profit per share amounted to € 0.46.

Balance sheet

On the level of the balance sheet, the most important changes can be summarised as follows.

Intangible assets increased by € 26.4 million. This increase was due to the inclusion of goodwill as a result of the R&D activities of Corilus and Arseus Dental Technology and the acquisition of the Belgian company CMS and a Dutch compounding pharmacy.

Property, plant and equipment increased by € 2.8 million. This increase was mainly due to assets from acquisitions and the construction of a new head office and distribution centre for Fagron Nederland reported earlier.

Operational working capital[4] increased by 7.5% to € 76.9 million. With turnover growth of 13.7%, the accounts receivable decreased by 2.3% and the stock increased by just 7.1%.

Net financial debt[5] increased by € 26.5 million to € 192.6 million in the first half of 2011. This increase is due to acquisitions and investments, while the cash flow from operational activities grew. At the end of June 2011 the net financial debt / annualised REBITDA ratio was 2.96 and therefore satisfied the covenant under the credit facility, which sets a maximum ratio of 3.25.

Net operational capex[6] amounted to € 7.8 million or 3.3% of the turnover in the first half of 2011. The capex consists of, among other things, investments in R&D, IT and the investment in a new head office and distribution centre for Fagron Nederland already mentioned. Excluding this last investment, the net operational capex was 2.8% of the turnover.

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[4] The operational working capital is defined as the sum of stock and trade receivables less the trade payables.

[5] The net financial debt is the sum of long-term and short-term financial borrowings (excluding financial instruments) less cash and cash equivalents.

[6] The net operational capex is defined as the acquired and produced intangible assets and property, plant and equipment (excluding acquisitions) less the assets sold.

KEY FIGURES PER DIVISION

Fagron

(x 1,000 euros)	H1 2011	H1 2010	Evolution
Turnover	108,804	85,076	+27.9%
REBITDA	22,406	16,771	+33.6%
REBITDA margin	20.6%	19.7%	

Fagron managed to exceed the good results of 2009 and 2010 in the first half of 2011. Turnover grew by 27.9% to € 108.8 million while the REBITDA increased by 33.6% to € 22.4 million. These strong results confirm the success of Fagron's strategy which focuses on revitalising pharmaceutical compounding. As part of this strategy, Fagron continuously introduces new products and concepts on the market in order to meet the growing worldwide need for tailor-made medication. Thanks to the excellent track record and quality of the Fagron organisation and its employees, Brazilian DEG, acquired in December 2010, was quickly and smoothly integrated.

In the first half of the year, Fagron signed an agreement in principle for the acquisition of Brazilian Pharma Nostra, a leading supplier of raw materials for pharmaceutical compounding to pharmacies in Brazil. Detailed information on the Brazilian company Pharma Nostra can be found in the press release of 11 July 2011, which can be found at www.arseus.com.

Fagron will further consolidate its market leadership on the rapidly growing market for pharmaceutical compounding via an active buy-and-build strategy, starting up greenfields, such as Fagron Argentina, and robust organic growth. The emphasis is on acquisitions in markets we are currently active in, and in Scandinavia and Central and Eastern Europe.

Arseus Dental

(x 1,000 euros)	H1 2011	H1 2010	Evolution
Turnover	81,607	79,697	+2.4%
REBITDA	3,601	5,724	-37.1%
REBITDA margin	4.4%	7.2%	

Arseus Dental Technology did very well in the first half of 2011. After a weak start of 2011, organic turnover growth of 9% was realised in the second quarter. The introduction of innovative products and concepts has resulted in an increase of the gross margin as a percentage of turnover in the first half of 2011. Arseus Dental Technology is expected to continue to see these strong results in the second half of 2011.

Arseus Dental Solutions (the distribution activities focused on dental practices) had a weak half year. Turnover was lower than expected while the gross margin as a percentage of turnover decreased. In response to the difficult market conditions, measures were taken to stimulate organic growth and improve the organisation's efficiency. Important focal points at Arseus Dental Solutions are optimising the product range and further improving quality, service and customer orientation.

Arseus Medical

(x 1,000 euros)	H1 2011	H1 2010	Evolution
Turnover	25,817	25,122	+2.8%
REBITDA	2,693	2,153	+25.1%
REBITDA margin	10.4%	8.6%	

The REBITDA of Arseus Medical increased no less than 25.1% to € 2.7 million in the first half of 2011, despite somewhat lower than expected turnover. The REBITDA margin increased by 180 basis points to 10.4%, its highest level ever. This excellent result is a clear confirmation that Arseus Medical's business model works. The business model builds on a clear strategy which focuses on a simple and recognisable market approach, a range of products and concepts that add value, strict management of costs and the development of a solid pipeline of innovative solutions. Examples of this are the Arseus Medication Management Solution, the Surgery to Sterilization concept and the AED concept. In the second half of 2011, the focus at Arseus Medical will be on realising organic turnover growth in Belgium and the Netherlands.

Corilus

(x 1,000 euros)	H1 2011	H1 2010	Evolution
Turnover	16,507	14,783	+11.7%
REBITDA	4,239	3,956	+7.2%
REBITDA margin	25.7%	26.8%	

In the first half of 2011, Corilus' turnover increased by 11.7% to € 16.5 million while REBITDA increased by 7.2% to € 4.2 million. The decrease in the REBITDA margin by 110 basis points was mainly due to a temporary shortage in technical personnel, which resulted in fewer installations being carried out in the second quarter than planned. This caused turnover in the first half of 2011 to be lower than forecast. The management expects that the personnel problems will be resolved in the second half of 2011. Belgian CMS, which provides software to Residential and Care Centres in Belgium and which was acquired in the first quarter, was successfully integrated and achieved a significantly better result than before inclusion in the consolidation scope.

The strategy for the second half of 2011 is aimed at further increasing Corilus's leading market positions in Belgium through organic growth and acquisitions, and at introducing the innovative ICT total solutions for medical specialists in other European countries.

Detailed information on the Belgian company CMS can be found in the press release of 8 April 2011, which can be found at www.arseus.com.

Ruling in dispute between Fagron Ibérica and Abbott GmbH & Co. KG

In the prospectus and the 2007, 2008, 2009 and 2010 annual reports, Arseus NV reported that Fagron Ibérica, one of the subsidiaries of Arseus NV, had been awarded a contested claim of € 12.953 million from Abbott GmbH & Co. KG. The court of first instance in Barcelona (Spain) had ruled in favour of Fagron Ibérica on 11 March 2005. Abbott GmbH & Co. KG filed an appeal against this decision. In 2008 the court once again found that Fagron Ibérica was not required to pay any damages, which once again prompted an appeal by Abbott GmbH & Co. KG. On 31 May

2011 the court once again decided in favour of Fagron Ibérica and rejected the full claim from Abbott GmbH & Co. KG. This decision is not open to any further appeal.

Outlook[7]

Based on the current view and the existing portfolio of Arseus, the management confirms the expectations that were expressed following the acquisition of the Brazilian Pharma Nostra. For 2011, the management expects turnover growth of between 14% and 18%, organic growth in turnover of between 3% and 6%, and profitability that is expected to grow faster than turnover.

Statement from the statutory auditor

For the complete interim financial information in accordance with IAS 34 and the corresponding statement from the statutory auditor, which is a statement without any particular comments, see the annex to this press release.

Conference call

Ger van Jeveren (CEO) and Jan Peeters (CFO) will provide further details on the results for the first half of 2011 during a conference call scheduled for today. The conference call starts at 9:30 CET. You can join from 9:15 onwards by calling +31 10 713 72 95 (the Netherlands) or +32 24 04 03 34 (Belgium).

From 10:30 onwards the conference call may be listened to by calling telephone number +31 20 713 34 87 and typing in access code 371956#. From Monday, 8 August 2011 the conference call may be listened to or downloaded from the corporate website of Arseus (www.arseus.com).

Financial calendar

The trading update on the third quarter of 2011 will be published at 7:30 CET on 10 October 2011. Ger van Jeveren (CEO) and Jan Peeters (CFO) will provide further details on this trading update in a conference call on 10 October. The conference call starts at 9:30 CET.

In the event of any discrepancy between the English translation and the original Dutch version of this press release, the latter shall prevail.

For more information:

Constantijn van Rietschoten
Director of Corporate Communications
+31 88 33 11 222 (office)
+31 6 536 91 585 (mobile)
constantijn.van.rietschoten@arseus.com

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[7] This press release contains data on the future based on the current internal estimates and forecasts, in addition to market forecasts. The statements concerning the future contain inherent risks and are only applicable on the date on which they are issued. There may be substantial differences between the actual results and the results cited in the statements about the future.

Arseus profile

Arseus is a multinational group of companies that supplies products, services and concepts to professionals and institutions in the healthcare sector in Europe, the US and Brazil. Arseus is subdivided into four divisions and operates in the markets for pharmaceutical compounding for pharmacies, dental products, medical and surgical products, and medical ICT-solutions.

The Belgian company Arseus NV is located in Waregem, and is listed on NYSE Euronext Brussels and NYSE Euronext Amsterdam. The operational activities of the Arseus group are driven by the Dutch company Arseus BV. The head office of Arseus BV is located in Rotterdam.

Interim financial statements

First semester 2011

Contents

The undersigned hereby declare that, to the best of their knowledge, the condensed consolidated financial statements for the six-months period ended 30 June 2011, which have been prepared in accordance with the IAS 34 'Interim Financial Reporting' as adopted by the European Union, gives a true and fair view of the assets, liabilities, financial position and profit and loss of the company and the undertakings included in the consolidation as a whole, and that the interim management report includes a fair review of the important events that have occurred during the first six months of the financial year and of the major transactions with the related parties, and their impact on the condensed consolidated financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

Ger van Jeveren, CEO
Jan Peeters, CFO

In the event of any discrepancy between the English translation and the original Dutch version of these interim financial statements, the latter shall prevail.

1. Interim management report

No significant events occurred during the first semester of 2011. A detailed report on the first semester of 2011 can be found in the Arseus press release of 5 August 2011.

2. Consolidated income statement

(x 1,000 euros)	June 2011	June 2010
Operating income	**233,353**	**205,390**
Turnover	232,734	204,678
Other operating income	619	712
Operating expenses	**(213,154)**	**(188,843)**
Trade goods	(118,909)	(106,741)
Services and other goods	(34,591)	(31,209)
Employee benefit expenses	(49,603)	(44,791)
Depreciation and amortization	(7,414)	(5,831)
Other operating expenses	(2,637)	(271)
Operating profit	**20,199**	**16,548**
Financial income	280	136
Financial expenses	(2,966)	(4,117)
Profit before income tax	**17,513**	**12,567**
Income tax expenses	(3,472)	(2,011)
Profit after income tax	**14,041**	**10,555**
Attributable to:		
Equity holders of the company (net profit)	**13,962**	**10,481**
Non-controlling interest	79	74
Profit for the period	**14,041**	**10,555**
Earnings per share (in euros)	0.46	0.35
Diluted earnings per share (in euros)	0.46	0.35
Recurring earnings per share (in euros)	0.48	0.47
Diluted recurring earnings per share (in euros)	0.47	0.47

3. Comprehensive income statement

(x 1,000 euros)	June 2011	June 2010
Profit after income tax	**14,041**	**10,555**
Currency translation adjustments		
Movements for the period	(123)	1,896
Non-controlling interest	67	62
Total direct movements in equity	**(56)**	**1,958**
Profit for the period	**13,985**	**12,513**
to the equity holders of the company	13,839	12,377
to non-controlling interest	146	136

4. Consolidated balance sheet

(x 1,000 euros)	June 2011	December 2010
Non current assets	**385,436**	**355,810**
Intangible assets	310,983	284,498
Property, plant and equipment	51,667	48,862
Financial assets	819	818
Deferred tax assets	21,128	20,785
Other non current assets	839	846
Current assets	**210,579**	**217,782**
Stock	70,753	66,059
Trade receivables	84,280	86,303
Other current assets	16,424	14,234
Cash and cash equivalents	39,122	51,186
Total assets	**596,015**	**573,592**
Equity	**210,959**	**208,122**
Shareholder's equity (parent)	217,605	216,654
Treasury shares	(9,073)	(10,816)
Non-controlling interest	2,427	2,284
Non current liabilities	**240,825**	**225,747**
Provisions	848	975
Pension obligations	3,421	3,276
Deferred tax liabilities	4,445	4,363
Borrowings	230,696	214,960
Financial instruments	1,415	2,172
Current liabilities	**144,230**	**139,723**
Borrowings	1,003	2,315
Financial instruments	1,822	2,758
Trade payables	78,174	80,845
Taxes, remuneration and social security	23,581	27,000
Other current payables	39,651	26,806
Total equity and liabilities	**596,015**	**573,592**

5. Consolidated statement of changes in equity

(x 1,000 euros)	Share capital & share premium	Other reserves	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 31 December 2009	**317,302**	**(195,876)**	**(7,881)**	**80,761**	**194,306**	**2,046**	**196,352**
Currency translation adjustments		1,896			1,896	62	1,959
Profit for the period				10,481	10,481	74	10,555
Total recognised income for the period	**317,302**	**(193,980)**	**(7,881)**	**91,242**	**206,683**	**2,183**	**208,866**
Purchase of treasury shares			(3,152)		(3,152)		(3,152)
Dividends relating to 2009 result				(10,880)	(10,880)		(10,880)
Share-based payments		78			78		78
Balance at 31 June 2010	**317,302**	**(193,902)**	**(11,033)**	**80,362**	**192,730**	**2,183**	**194,913**
Currency translation adjustments		940			940	53	993
Profit for the period				11,876	11,876	48	11,924
Total recognised income for the period	**317,302**	**(192,962)**	**(11,033)**	**92,238**	**205,546**	**2,284**	**207,830**
Purchase of treasury shares			217		217		217
Dividends relating to 2009 result							
Share-based payments		75			75		75
Balance at 31 December 2010	**317,302**	**(192,887)**	**(10,816)**	**92,238**	**205,838**	**2,284**	**208,122**
Currency translation adjustments		(123)			(123)	67	(56)
Profit for the period				13,962	13,962	79	14,041
Total recognised income for the period	**317,302**	**(193,009)**	**(10,816)**	**106,200**	**219,677**	**2,430**	**222,107**
Capital increase	224				224		224
Purchase of treasury shares			1,743		1,743		1,743
Dividends relating to 2010 result				(13,154)	(13,154)		(13,154)
Share-based payments		38			38		38
Balance at 30 June 2011	**317,527**	**(192,971)**	**(9,073)**	**93,046**	**208,529**	**2,430**	**210,959**

6. Consolidated cash flow statement

(x 1,000 euros)	June 2011	June 2010
Operating activities		
Profit before income taxes	17,513	12,567
Taxes paid	(2,932)	(3,287)
Adjustments for financial items	2,686	3,981
Total adjustments for non-cash items	7,291	5,014
Total changes in working capital	(4,987)	(1,270)
Total cash flow from operating activities	**19,572**	**17,005**
Investment activities		
Capital expenditures	(7,790)	(7,438)
Investments in existing shareholdings (subsequent payments) and in new holdings	(19,908)	(19,384)
Total cash flow from investing activities	**(27,699)**	**(26,822)**
Financing activities		
Capital increase	224	-
Purchase of treasury shares	-	(3,152)
Dividends paid	(13,176)	(10,801)
New borrowings	16,838	22,225
Reimbursement of borrowings	(3,359)	(1,375)
Interest received (paid)	(4,285)	(2,959)
Total cash flow from financing activities	**(3,757)**	**3,939**
Total net cash flow for the period	**(11,884)**	**(5,878)**
Cash and cash equivalents – start of the period	51,186	34,284
Gains or losses on exchange on liquid assets	(181)	173
Cash and cash equivalents – end of the period	39,122	28,578
Change in cash and cash equivalents	**(11,884)**	**(5,878)**

7. Profit per share

The weighted average number of ordinary shares outstanding at 30 June 2011 equals 30,050,851 compared to 30,100,683 at 30 June 2010. This results in a basic earnings per share of € 0.46, the diluted profit per share is equal to € 0.46.

At 30 June 2011 the capital represented 31,216,888 shares, 1,105,585 of which are treasury shares held by Arseus NV. As the result of the exercise of warrants 21,767 new shares have been issued.

The recurring net profit per share for the period is defined as the net profit for the period before non-recurring items and revaluation of the financial derivatives after taxes.

8. Notes to the interim financial information

1. General information

Arseus NV (the 'Company') and its subsidiaries (together, the 'Group') constitute a multinational group of companies that supplies products, services and concepts to professionals and institutions in the healthcare sector in Europe, the United States and Brazil. The Company is subdivided into four divisions and operates in the markets for pharmaceutical compounding for pharmacies, dental products, medical and surgical products, and medical ICT solutions.

The Company is a public company, founded and located in Belgium, with registered office at Textielstraat 24, 8790 Waregem. The company number is BE 0890 535 026.

The operational activities of the Arseus group are driven by the Dutch company Arseus BV. The head office of Arseus BV is located in Rotterdam.

Arseus' shares are listed on the regulated markets of NYSE Euronext Brussels and Amsterdam.

This condensed consolidated interim financial information was approved for issue by the Board of Directors on 4 August 2011.

2. Basis of preparation for condensed consolidated interim financial information

This condensed consolidated interim financial information for the first half of 2011, including the comparable figures for 2010, has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The condensed consolidated interim financial information must be read in conjunction with the annual financial statements for the year 2010 (including the principles for financial reporting) which is available at www.arseus.com.

3. Summary of the most important accounting policies

The accounting policies used to prepare the consolidated interim financial statements for the first half of 2011 are consistent with those applied in the Arseus consolidated financial statements for the year ended 31 December 2010.

The accounting policies were consistently applied for all periods presented.

A summary of the most important accounting policies can be found in the 2010 annual report. The annual report can be consulted through the following web link: www.arseus.com.

This condensed consolidated interim financial information has been prepared in accordance with IFRS standards and IFRIC interpretations that apply, or which are applied early, as of 30 June 2011 and which have been endorsed by the European Union.

The new standards, amendments to standards and interpretations listed below contain those that have been endorsed by the EU up to 7 June 2011.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2011:

- Amendment to IAS 32 'Classification of rights issues' requiring rights issues within the scope of the amendment to be classified as equity. The amendments are effective for annual periods beginning on or after 1 February 2010.
- Amendments to IFRS 1 providing a limited exemption from comparative IFRS 7 disclosures for first-time adopters, effective as of 1 July 2010.
- IAS 24 Revised 'Related-party transactions', effective for annual periods beginning on or after 1 January 2011. The revised standard amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.
- 'Improvements to IFRSs' (2010) amending IAS 1, IAS 27, IAS 34, IFRS 1, IFRS 3, IFRS 7 and IFRIC 13. These improvements are effective 1 January 2011.
- IFRIC 19 'Extinguishing financial liabilities with equity Instruments', effective for periods beginning on or after 1 July 2010. IFRIC 19 clarifies the accounting when a debtor and creditor might renegotiate the terms of a financial liability with the result that the debtor extinguishes the liability fully or partially by issuing equity instruments to the creditor.
- Amendments to IFRIC 14 'Pre-payments of a minimum funding requirement', effective for annual periods beginning on or after 1 January 2011. The amendment removes an unintended consequence of IFRIC 14 arising from the treatment of prepayments of future contributions in some circumstances when there is a minimum funding requirement.

The application of the standards above did not have any significant impact on the Company's financial result or balance sheet position.

The following new standards, amendments to standards and interpretations have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2011 and have not been endorsed by the European Union:

- Amendments to IFRS 1 'First-time adoption of IFRSs' related to severe hyperinflation and the removal of fixed dates for first-time adopters. These amendments are effective on or after 1 July 2011.
- Amendments to IFRS 7 'Financial instruments: disclosures' requiring enhanced disclosures of transferred financial assets. These revisions are effective at the earliest for annual periods beginning on or after 1 July 2011.
- Amendments to IAS 1 'Presentation of financial statements', effective on or after 1 July 2012. The amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income.
- Amendments to IAS 12 'Deferred taxes', effective on or after 1 January 2012. The amendments provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model.
- IFRS 9 'Financial instruments', effective for periods beginning on or after 1 January 2013. The standard addresses the classification, measurement and derecognition of financial assets and financial liabilities.
- IFRS 10 'Consolidated financial statements', effective for annual periods beginning on or after 1 January 2013. The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements.
- IFRS 11 'Joint arrangements', effective for annual periods beginning on or after 1 January 2013. The new standard focuses on the rights and obligations rather than the legal form. Proportional consolidation is no longer allowed.
- IFRS 12 'Disclosure of interests in other entities', effective for annual periods beginning on or after 1 January 2013. This a new standard on disclosure requirements for all forms of interests in other entities.
- IFRS 13 'Fair value measurement', effective for annual periods beginning on or after 1 January 2013. The new standard explains how to measure fair value for financial reporting.
- IAS 19 Revised 'Employee benefits', effective for annual periods beginning on or after 1 January 2013. Through these amendments significant changes are made to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.
- IAS 27 Revised 'Separate financial statements', effective for annual periods beginning on or after 1 January 2013. The revised standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- IAS 28 Revised 'Investments in associates and joint ventures', effective for annual periods beginning on or after 1 January 2013. The revised standard now includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

4. **Non recurring items**

Non recurring items as per 30 June 2011 primarily relate to acquisition costs and integration costs.

9. Segment information

The Group's activities relate to products and services in professional healthcare, subdivided into four main operational segments: Fagron, Arseus Dental, Arseus Medical and Corilus. In accordance with IFRS 8, the operational segments were determined on the basis of the components that the Executive Committee applies to assess the performance of the operational activities and on which the decisions are based.

Arseus is organised on the basis of four main operational segments:

1. **Fagron** supplies products and services for pharmaceutical compounding. Fagron develops and markets its own formulas for pharmaceutical compounding, sells and distributes instruments and pharmaceutical raw materials for pharmaceutical compounding, sells and distributes pharmaceutical compounding and cosmetic products to pharmacists under its own brand name Fagron, provides third-party pharmaceutical compounding services to pharmacists and hospitals and provides specialised pharmaceutical raw materials to the pharmaceutical, nutraceutical, veterinary and cosmetic industries;

2. **Arseus Dental** provides specialist products and services to dentists, laboratories and other dental professionals. Furthermore, Arseus Dental produces and assembles a complete in-house range of imaging equipment for dentists, such as X-ray units, panoramic units, intra-oral digital sensors and cameras. In Switzerland Arseus Dental (as OEM supplier) manufactures precision components for the dental and orthopaedic industry;

3. **Arseus Medical** provides innovative products, services and solutions for doctors, hospitals, nursing homes and home care workers. The focus is on personal care, mobility, organisation, hygiene & sterilisation and diagnostics;

4. **Corilus** provides total ICT solutions for a wide range of medical and paramedical professions, including pharmacists, dentists, physicians, ophthalmologists and veterinarians.

The segment results for the period ending on 30 June 2011 are as follows:

(x 1,000 euros)	Fagron	Arseus Dental	Arseus Medical	Corilus	Total
Turnover	108,804	81,607	25,817	16,507	**232,734**
EBITDA before non recurring items and corporate costs	22,406	3,601	2,693	4,239	**32,939**
Corporate costs					**(3,072)**
Non recurring items					**(2,253)**
Depreciations and amortizations					**(7,414)**
Operating profit					**20,199**

The segment results for the period ending on 30 June 2010 are as follows:

(x 1,000 euros)	Fagron	Arseus Dental	Arseus Medical	Corilus	Total
Turnover	85,076	79,697	25,122	14,783	**204,678**
EBITDA before non recurring items and corporate costs	16,771	5,724	2,153	3,956	**28,605**
Corporate costs					**(2,865)**
Non recurring items					**(3,361)**
Depreciations and amortizations					**(5,831)**
Operating profit					**16,548**

At 30 June 2011, the assets and liabilities, as well as the capital expenditure for the reporting period ending on this date, are as follows:

(x 1,000 euros)	Fagron	Arseus Dental	Arseus Medical	Corilus	Unallo-cated	Total
Total assets	222,240	186,713	64,583	57,974	64,506	**596,015**
Total liabilities	62,929	51,005	16,671	14,653	239,798	**385,056**
Capital expenditure	1,380	1,082	467	2,467	2,394	**7,790**

At 31 December 2010, the assets and liabilities, as well as the capital expenditure for the reporting period ending on this date, are as follows:

(x 1,000 euros)	Fagron	Arseus Dental	Arseus Medical	Corilus	Unallo-cated	Total
Total assets	197,800	180,743	63,375	47,498	84,176	**573,592**
Total liabilities	62,122	57,484	21,635	8,644	215,585	**365,470**
Capital expenditure	1,345	1,976	1,047	4,072	10,719	**19,159**

10. Related parties

The members of the Executive Committee, the CEO and the non-executive directors are considered as related parties. The remuneration policy is described in the Corporate Governance Statement which constitutes part of the 2010 annual report. The remuneration is determined on a yearly basis, therefore no further details are provided in these interim financial statements.

11. Business combinations

In the first semester of 2011 Fagron acquired a Dutch compounding pharmacy with turnover of approximately 2.5 million euros in 2010. Corilus acquired Belgian CMS. CMS supplies software to Residential and Care Centres in Belgium. Besides these acquisitions several other small companies and activities were acquired in the first semester.
The total purchase price equals 26.1 million euros. The total net assets acquired for allocation of the purchase price amounted to -0.2 million euros.

For the acquisition of Gallipot in April 2010 a final allocation of the purchase price took place. The fair value of the acquired assets and liabilities is detailed below.

Fair value of the acquired assets and liabilities of Gallipot (x 1,000 euros)	
Intangible assets	0
Property, plant and equipment	148
Deferred tax assets	346
Stocks	1,215
Trade receivables	779
Other receivables	79
Cash	125
Total assets	2,693
Deferred tax liabilities	0
Trade payables	619
Other current debts	768
Net acquired assets	1,306
Goodwill	10,490
Total acquisition amount	11,796

For the acquisition of Brazilian Deg Importação De Produtos Químicos Ltda in 2010 a provisional allocation of the acquisition price has been determined. The fair value of the acquired assets and liabilities is detailed below.

Fair value of the acquired assets and liabilities of Deg Importação De Produtos Químicos Ltda (x 1,000 euros)	
Intangible assets	74
Property, plant and equipment	2,470
Deferred tax assets	183
Stocks	3,668
Trade receivables	4,550
Other receivables	87
Cash	(822)
Total assets	10,209
Financial debts	102
Trade payables	3,564
Other current debts	1,577
Net acquired assets	4,967
Goodwill	32,371
Total acquisition amount	37,338

12. Subsequent events

At the beginning of July Arseus signed an agreement in principle for the acquisition of Brazilian Pharma Nostra Comercial ltda. Pharma Nostra is market leader in Brazil and had turnover of approximately 45 million euros in 2010. The EBITDA margin is approximately 15%. The acquisition price is approximately 51 million euros. For more details see the press release of 11 July 2011.

In the prospectus and the 2007, 2008, 2009 and 2010 annual reports, Arseus NV reported that Fagron Ibérica, one of the subsidiaries of Arseus NV, has been awarded a contested claim of 12.953 million euros from Abbott GmbH & Co. KG. The court of first instance No.37 ruled in favour of Fagron Ibérica on 11 March 2005 but Abbott GmbH & Co. KG. filed an appeal against this decision. In 2008 the court once again found that Fagron Ibérica was not required to pay any damages, which once again prompted an appeal by Abbott GmbH & Co. KG. The definitive court ruling in Arseus' favour came on 31 May 2011.

For the outlook for the second half of the year 2011, see the press release of 5 August 2011. The main risks and uncertainties are the same as those mentioned in the 2010 annual report.

13. Contingent liabilities

No significant changes have occured since 31 December 2010.

14. Effective tax rate

Recognised income tax expenses is based on management's best estimate of the weighted average annual income tax rate of 20%, which is expected for the full financial year 2011.
After the consolidation of Pharma Nostra Comercial ltda, the management expects the effective tax rate to exceed 20%.

15. Auditors' review report

To the Board of Directors
Arseus NV

FREE TRANSLATION

Statutory auditor's report on review of consolidated condensed financial information for the period ended 30 June 2011

Introduction

We have reviewed the accompanying consolidated balance sheet of Arseus NV and its subsidiaries as of 30 June 2011 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the 6-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this consolidated condensed financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed financial information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Gent, 4 August 2011

PwC Bedrijfsrevisoren bcvba
Represented by

Peter Opsomer
Bedrijfsrevisor