



ARSEUS
Driving superior care

Press release

Regulated information | Consolidated results for the first half of 2012
Waregem (Belgium) / Rotterdam (the Netherlands)¹, 6 August 2012

ARSEUS ANNOUNCES RECORD RESULTS

ORGANIC GROWTH OF 5.0% IN FIRST HALF OF 2012

Key points of the first half of 2012:

- **Turnover increased by 15.3% to € 268.3 million**
- **Organic growth of 5.0%**
- **Recurrent EBITDA increased by 17.9% to € 38.8 million**
- **EBITDA increased by 18.9% to € 32.8 million**
- **EBIT increased by 21.1% to € 24.5 million**
- **Operational working capital decreased by 20.3% compared to 30 June 2011**
- **Cash flow from operational activities increased by 17.4% to € 23.0 million**
- **Outlook for 2012: Healthy organic turnover growth and profitability that is expected to grow faster than turnover**

Ger van Jeveren, CEO of Arseus: “The results for the first half of 2012 are convincing. In the first half of 2012, the recurrent EBITDA, EBITDA and EBIT once again increased faster than turnover. Thanks to the constant focus on innovative total concepts and products, Arseus was able to increase the gross margin as a percentage of turnover in the first half of 2012. The commitment to consistently follow an innovation strategy during many years and a focus on operational excellence enable Arseus to adapt quickly to continuously changing and challenging market conditions.

All of Arseus' divisions achieved organic turnover growth in the second quarter of 2012. The organic growth realised by Fagron was adjusted due to the decision to phase out a total of € 14 million in industrial turnover with a lower margin. The introduction from 1 January 2012 of a limited trial period during which dentists in the Netherlands are free to set their own fees has led to considerable uncertainty and unrest on the Dutch dental market. With many dentists and dental laboratories consequently opting to delay investments, the turnover of Arseus Dental in the second quarter of 2012 was lower than originally budgeted.

We look to the future with confidence and consequently confirm the expectations for 2012 that we announced earlier.”

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

Statement of income (x 1,000 euros)	H1 2012	H1 2011	Evolution
Net sales	268,272	232,734	15.3%
Gross margin	131,449	113,825	15.5%
<i>As % of net sales</i>	49.0%	48.9%	
Operating costs	-92,629	-80,886	14.5%
EBITDA before corporate costs and non-recurrent result	38,820	32,939	17.9%
<i>As % of net sales</i>	14.5%	14.2%	
Corporate costs	-3,447	-3,072	12.2%
EBITDA before non-recurrent result	35,373	29,867	18.4%
<i>As % of net sales</i>	13.2%	12.8%	
Non-recurrent result	-2,549	-2,253	13.1%
EBITDA	32,824	27,613	18.9%
<i>As % of net sales</i>	12.2%	11.9%	
Depreciation and amortization	-8,362	-7,414	12.8%
EBIT	24,462	20,199	21.1%
<i>As % of net sales</i>	9.1%	8.7%	
Financial result, excluding revaluation of financial derivatives	-5,288	-4,379	20.8%
Revaluation of financial derivatives	781	1,693	-53.9%
Profit before taxes	19,955	17,513	13.9%
Taxes	-4,675	-3,472	34.6%
Net profit	15,280	14,041	8.8%
Recurrent net profit ²	16,633	14,411	15.4%
Net profit per share (in euros)	0.50	0.46	8.7%
Recurrent net profit per share (in euros)	0.55	0.48	14.6%
Average number of shares	30,374,461	30,050,851	

Balance sheet (x 1,000 euros)	30-06-'12	31-12-'11
Intangible assets	393,377	367,069
Property, plant and equipment	58,244	57,150
Deferred tax assets	22,220	20,368
Other non-current assets	1,859	1,788
Operational working capital	61,255	58,405
Other working capital	-68,409	-85,452
Equity	221,761	220,452
Provisions	4,921	4,935
Financial instruments	2,687	3,452
Deferred tax liabilities	2,481	1,932
Net financial debt	236,697	188,557

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 2012 amounted to € 268.3 million, an increase of 15.3% compared to the first half of 2011. Organic growth in the first half of the year amounted to 5.0% (4.8% at constant exchange rates). The consolidated turnover in the second quarter of 2012 increased by 13.0% (13.5%) to € 137.2 million. Organic growth in the second quarter was 3.9% (4.4%).

The **gross margin** increased by 15.5% to € 131.4 million. Compared to the first half of 2011, the gross margin as a percentage of the turnover increased by 0.1 percentage points to 49.0%.

The **operating costs**, as a percentage of turnover, decreased by 0.3 percentage point during the first half of 2012.

The **recurrent EBITDA**³ increased faster than turnover, by 17.9% to € 38.8 million.

The **corporate costs** as a percentage of turnover remain unchanged at 1.3%.

The **non-recurrent result** amounted to -€ 2.5 million, an increase of 13.1% compared to the first half of 2011. This result primarily consists of acquisition costs and integration costs.

The **EBITDA** increased in the first half of 2012 by 18.9% to € 32.8 million. The operational margin (EBITDA as a percentage of turnover) increased by 0.3 percentage point to 12.2%.

The **depreciation and amortization** amounted to € 8.4 million, an increase of € 0.9 million or 12.8% compared to the same period in 2011.

The **EBIT** amounted to € 24.5 million, an increase of 21.1% compared to the first half of 2011. The EBIT increased substantially faster than the turnover, just as the recurrent EBITDA and EBITDA.

The **financial result**, excluding the revaluation of the financial derivatives, amounted to -€ 5.3 million, an increase of 20.8% compared to the first half of 2011. This increase was due to an increase in the net financial debt, while on the other hand there was a decrease in interest rates.

The **revaluation of the financial derivatives** amounted to € 0.8 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 has been deducted from the financial result and is shown separately on the statement of income.

The **effective tax rate**, as a percentage of the profit before taxes, was 23.4% in the first half of 2012, compared to 19.8% in the same period last year. The higher tax rate is due to the contribution to the profit of Arseus' activities in the US and Brazil.

³ EBITDA before corporate costs and non-recurrent result.

In the first half of 2012, the **net profit** increased by 8.8% to € 15.3 million, despite the higher tax rate. The net profit per share amounted to € 0.50.

Balance sheet

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

The **intangible assets** increased by € 26.3 million. This increase was largely due to the recognition of goodwill relating to the acquisition of Polish Pharma Cosmetic and the R&D activities of Corilus and Arseus Dental Technology.

The **property, plant and equipment** increased by € 1.1 million. This increase was mainly due to the last investments in the new head office and distribution centre for Fagron Netherlands.

The **operational working capital**⁴ decreased by 20.3% to € 61.3 million compared to 30 June 2011. With turnover growth of 15.3%, the accounts receivable decreased by 13.5% and the stock increased by 16.6%. The increase in the stock was caused mainly by the impact of Brazilian Pharma Nostra, which was acquired in 2011, and Polish Pharma Cosmetic, which was acquired in early 2012.

The **net financial debt**⁵ increased by € 48.1 million to € 236.7 million in the first half of 2012. This increase is due to the acquisition of Polish Pharma Cosmetic, a subsequent payment for Brazilian Pharma Nostra, which was acquired in 2011, and investments in R&D and automation, among other things. At the end of June 2012, the net financial debt / annualised recurrent EBITDA ratio was 3.06, due in part to dividend payments and acquisitions, and therefore satisfied the covenant under the credit facility, which sets a maximum ratio of 3.25. It is expected that this ratio will decrease substantially towards the end of the year, making it possible to continue Arseus' buy-and-build strategy.

The **net operational capex**⁶ amounted to € 9.9 million or 3.7% of the turnover in the first half of 2012. The capex consists of, among other things, investments in R&D, automation and the investment in a new head office and distribution centre for Fagron Netherlands already mentioned. Excluding the investments at Corilus, the net operational capex was 2.5% of the turnover.

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 2012	H1 2011	Evolution
Turnover	141,065	108,804	29.7%
Recurrent EBITDA	29,051	22,406	29.7%
Recurrent EBITDA margin	20.6%	20.6%	
	Q2 2012	Q2 2011	Evolution
Turnover	72,450	57,481	26.0%

In the first half of 2012, Fagron further strengthened its leading market position as a one-stop shop for pharmaceutical compounding in Europe as well as North and South America. Turnover increased by 29.7% (+29.4% at constant exchange rates) to € 141.1 million. Organic turnover growth amounted to 7.2% (+6.9%). Fagron's turnover increased by 26.0% (27.1%) in the second quarter. Organic turnover growth in the second quarter was 6.3% (7.2%).

As part of Fagron's strategy, which focuses on the global revitalisation of pharmaceutical compounding, it was decided to phase out a total of € 14 million in industrial turnover with a lower margin. € 2 million of this was realised in the second quarter of 2012. The remaining € 12 million will be gradually phased out in the period from 1 July 2012 to 30 June 2013.

Thanks to the excellent track record and quality of the Fagron organisation and its employees, Polish Pharma Cosmetic, which was acquired at the end of 2011, was quickly and smoothly integrated during the first half of 2012. In this process, attention was expressly devoted to the considerable advantages of synergy and scale in relation to procurement, analysis and production and the cross-selling of products and concepts. In the second half of 2012, the name 'Pharma Cosmetic' will be changed to 'Fagron Poland'.

In 2012, 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, and robust organic growth.

Detailed information on the acquisition of Polish Pharma Cosmetic can be found in the press release of 27 December 2011, which can be found at www.arseus.com.

Arseus Dental

(x 1,000 euros)	H1 2012	H1 2011	Evolution
Turnover	83,611	81,607	2.5%
Recurrent EBITDA	2,446	3,601	-32.1%
Recurrent EBITDA margin	2.9%	4.4%	
	Q2 2012	Q2 2011	Evolution
Turnover	42,333	42,292	0.1%

The introduction from 1 January 2012 of a trial period during which dentists in the Netherlands are free to set their own fees has led to considerable uncertainty and unrest on the Dutch dental market. With many dentists and dental laboratories consequently opting to delay investments, the turnover of Arseus Dental in the first half of 2012, in particular in the second quarter, was lower than originally budgeted. Arseus Dental's turnover grew in the first half of 2012 by 2.5% to € 83.6 million, and the recurrent EBITDA decreased by 32.1% to € 2.4 million. While the trial with deregulated dental charges in the Netherlands will be discontinued from 1 January 2013, it is unclear what the impact will be on the turnover of Arseus Dental in the second half of 2012. Arseus Dental Technologies' Swiss production facilities suffered from the very strong Swiss franc during the first half of 2012 and this has adversely affected the international competitive position.

In the first half of 2012, significant steps were taken at Arseus Dental to achieve profitable growth. The operational structures were further simplified and innovative total concepts designed to increase efficiency were added to the product range. The quality of the services to and communication with dentists and dental technicians was optimised by well-trained sales teams.

Arseus Medical

(x 1,000 euros)	H1 2012	H1 2011	Evolution
Turnover	25,744	25,817	-0.3%
Recurrent EBITDA	2,701	2,693	0.3%
Recurrent EBITDA margin	10.5%	10.4%	
	Q2 2012	Q2 2011	Evolution
Turnover	13,568	13,315	1.9%

In the first half of 2012, the turnover of Arseus Medical decreased by 0.3% to € 25.7 million, while the recurrent EBITDA increased by 0.3% to € 2.7 million. In spite of the effects of the phasing out of a number of non-strategic distributions in the second half of 2011, Arseus Medical was nonetheless able to realise organic turnover growth of 1.9% in the second quarter of 2012. The activities focused on ophthalmologists, bandagers, hospitals and surgeons had a strong half-year.

The optimum market strategy pursued by Arseus Medical enables it to continuously introduce successful new medical products and concepts. In June, Arseus Medical obtained exclusive distribution rights in Belgium as well as the Netherlands for the AirLife range of respiratory

products of CareFusion. In line with the innovation strategy, surgical products of ConMed, Lotus, OCTO Port and Chex will be introduced into the market in the second half of 2012.

Corilus

(x 1,000 euros)	H1 2012	H1 2011	Evolution
Turnover	17,853	16,507	8.2%
Recurrent EBITDA	4,622	4,239	9.0%
Recurrent EBITDA margin	25.9%	25.7%	
	Q2 2012	Q2 2011	Evolution
Turnover	8,877	8,302	6.9%

In the first half of 2012, Corilus saw its turnover grow organically by no less than 8.2% to € 17.9 million while recurrent EBITDA increased by 9.0% to € 4.6 million. In the first half of 2012, Corilus further strengthened its leading market position as a supplier of ICT total solutions for medical specialists in Belgium, France and the Netherlands.

Corilus concluded an agreement with De Voorzorg, a group of 12 pharmacies, for the installation of Greenock, the leading software for pharmacies developed by Corilus. During the second half of 2012, one pharmacy will be converted to Greenock each day in Belgium. Emergentis, software for midwives which was launched in May, has been very well received by the market. More than 160 midwives have already registered for this software developed by Corilus. Early July saw the first installations of Morion, software for opticians, which was similarly developed by Corilus. There were also notable successes outside Belgium. Following the successful introduction of Softalmo in France in 2011, this industry-leading software for ophthalmologists was installed during the first half of 2012 at the Central Military Hospital in Utrecht and the VieCuri Medical Centre in Venray and Venlo.

Development of treasury shares and exercise of warrants and stock options

On 13 March 2012, Arseus transferred 337,240 treasury shares at a price of € 11.8610 per share as part payment for the acquisition of Brazilian Pharma Nostra in 2011. As a consequence of this transfer, the number of shares held by Arseus dropped below the disclosure threshold of 3%. Detailed information can be found in the press release by Arseus of 16 March 2012, which can be found at www.arseus.com.

On 4 May 2012, 127,250 stock options were exercised by employees of Arseus at an exercise price of € 8.5214. As a consequence of this exercise, the number of shares held by Arseus decreased to 611,247.

On 15 June 2012, Arseus issued 61,626 new shares as a result of the exercise of warrants. Following the issue of these new shares, the number of Arseus shares with voting rights increased to 31,278,514. The total number of voting rights (denominator) is 31,278,514. The share capital is € 320,601,893.93. Detailed information can be found in the press release by Arseus of 15 June 2012, which can be found at www.arseus.com.

Outlook⁷

Based on the current view and the existing Arseus portfolio, for 2012 as a whole the management is expecting healthy organic growth and profitability that is expected to once again 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 2012 during a conference call scheduled for today. The conference call starts at 9:30 am CET. You can join from 9:15 am onwards by calling +31 10 713 72 95 (the Netherlands) or +32 24 01 53 07 (Belgium).

From 10:30 am onwards the conference call may be listened to by calling telephone number +31 20 713 34 87 and typing in access code 404102#. From Tuesday, 7 August 2012 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 2012 will be published at 7:30 CET on 12 October 2012. Ger van Jeveren (CEO) and Jan Peeters (CFO) will provide further details on this trading update in a conference call on 12 October. The conference call starts at 9:30 CET.

For more information:

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

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, Brazil and Argentina. 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

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.

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.



ARSEUS
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Interim financial statements

First semester 2012

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The undersigned hereby declare that, to the best of their knowledge, the condensed consolidated financial statements for the six-months period ended 30 June 2012, 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 2012. A detailed report on the first semester of 2012 can be found in the Arseus press release of 6 August 2012.

2. Consolidated income statement

(x 1,000 euros)	June 2012	June 2011
Operating income	268,770	233,353
Turnover	268,272	232,734
Other operating income	498	619
Operating expenses	(244,308)	(213,154)
Trade goods	(136,823)	(118,909)
Services and other goods	(40,754)	(34,591)
Employee benefit expenses	(56,294)	(49,603)
Depreciation and amortization	(8,362)	(7,414)
Other operating expenses	(2,076)	(2,637)
Operating profit	24,462	20,199
Financial income	604	280
Financial expenses	(5,111)	(2,966)
Profit before income tax	19,955	17,513
Income tax expenses	(4,675)	(3,472)
Profit after income tax	15,280	14,041
Attributable to:		
Equity holders of the company (net profit)	15,279	13,962
Non-controlling interest	1	79
Profit for the period	15,280	14,041
Earnings per share (in euros)	0.50	0.46
Diluted earnings per share (in euros)	0.50	0.46
Recurring earnings per share (in euros)	0.55	0.48
Diluted recurring earnings per share (in euros)	0.54	0.47

3. Consolidated statement of realised and unrealised gains and losses

(x 1,000 euros)	June 2012	June 2011
Profit after income tax for the semester	15,280	14,041
Unrealised gains and losses		
Exchange rate differences	(4,715)	(56)
Total realised and unrealised gains and losses for the period	10,565	13,985
Attributable to the equity holders of the company	10,552	13,839
Minority interests	13	146

4. Consolidated balance sheet

(x 1,000 euros)	June 2012	December 2011
Non current assets	475,701	446,376
Intangible assets	393,377	367,069
Property, plant and equipment	58,244	57,150
Financial assets	819	819
Deferred tax assets	22,220	20,368
Other non current assets	1,040	969
Current assets	210,490	233,856
Stock	82,503	76,643
Trade receivables	72,890	75,956
Other current assets	14,378	11,407
Cash and cash equivalents	40,719	69,850
Total assets	686,190	680,232
Equity	221,761	220,452
Shareholder's equity (parent)	222,907	225,676
Treasury shares	(4,939)	(9,004)
Non-controlling interest	3,793	3,780
Non current liabilities	12,044	12,735
Provisions	949	1,051
Pension obligations	3,972	3,884
Deferred tax liabilities	2,481	1,932
Borrowings	4,642	4,350
Financial instruments	-	1,517
Current liabilities	452,386	447,045
Borrowings	272,774	254,057
Financial instruments	2,687	1,935
Trade payables	94,138	94,194
Taxes, remuneration and social security	32,435	37,338
Other current payables	50,352	59,521
Total equity and liabilities	686,190	680,232

5. Consolidated statement of changes in equity

(x 1,000 euros)	Share capital & share premium	Other reserves	Treasury shares	Retained earnings	Total	Non-control ling interest	Total equity
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
Currency translation adjustments		(4,546)			(4,546)	(136)	(4,682)
Profit for the period				14,185	14,185	(86)	14,099
Total recognised income for the period							
Capital increase							
Purchase of treasury shares			69		69		69
Dividends relating to 2010 result							
Share-based payments		7			7		7
Purchase non-controlling interest		(1,575)			(1,575)	1,575	
Balance at 31 December 2011	317,527	(199,085)	(9,004)	107,232	216,670	3,783	220,452
Currency translation adjustments		(4,727)			(4,727)	12	(4,715)
Profit for the period				15,279	15,279	1	15,280
Total recognised income for the period	317,527	(203,815)	(9,004)	122,511	227,221	3,796	231,017
Capital increase	608				608		608
Treasury shares			4,064		4,064		4,064
Result on treasury shares		1,290			1,290		1,290
Dividends relating to 2011 result				(15,228)	(15,228)		(15,228)
Share-based payments		10			10		10
Balance at 30 June 2012	318,134	(202,512)	(4,939)	107,282	217,965	3,796	221,761

6. Consolidated cash flow statement

(x 1,000 euros)	June 2012	June 2011
Operating activities		
Profit before income taxes	19,955	17,513
Taxes paid	(5,351)	(2,932)
Adjustments for financial items	4,507	2,686
Total adjustments for non-cash items	8,215	7,291
Total changes in working capital	(4,355)	(4,987)
Total cash flow from operating activities	22,971	19,572
Investment activities		
Capital expenditures	(9,934)	(7,790)
Investments in existing shareholdings (subsequent payments) and in new holdings	(42,099)	(19,908)
Total cash flow from investing activities	(52,033)	(27,699)
Financing activities		
Capital increase	608	224
Purchase of treasury shares	1,084	-
Dividends paid	(15,236)	(13,176)
New borrowings	43,489	16,838
Reimbursement of borrowings	(24,315)	(3,359)
Interest received (paid)	(5,390)	(4,285)
Total cash flow from financing activities	240	(3,757)
Total net cash flow for the period	(28,822)	(11,884)
Cash and cash equivalents – start of the period	69,850	51,186
Gains or losses on exchange on liquid assets	(309)	(181)
Cash and cash equivalents – end of the period	40,719	39,122
Change in cash and cash equivalents	(28,822)	(11,884)

7. Profit per share

The weighted average number of ordinary shares outstanding on 30 June 2012 equals 30,374,461 compared to 30,050,851 on 30 June 2011. This results in a basic earnings per share of € 0.50, the diluted earnings per share are equal to € 0.50.

On 30 June 2012 the capital represented 31,278,514 shares, 611,247 of which are treasury shares held by Arseus NV. As result of the exercise of warrants 61,626 new shares have been issued.

The recurring earnings per share for the period are 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 3 August 2012.

2. Basis of preparation for condensed consolidated interim financial information

This condensed consolidated interim financial information for the first half of 2012, including the comparable figures for 2011, 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 2011 (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 2012 are consistent with those applied in the Arseus consolidated financial statements for the year ended 31 December 2011.

The accounting policies were consistently applied for all periods presented.

A summary of the most important accounting policies can be found in the 2011 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 2012 and which have been endorsed by the European Union.

The new standards, amendments to standards and interpretations listed below reflect the endorsement status at 29 June 2012.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2012:

- 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.

The application of the aforementioned amendment does not constitute a significant impact on the financial information of the Company.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2012 but have not yet 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 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.

The application of the aforementioned amendment does not constitute a significant impact on the financial information of the Company.

The following new standards, amendments to standards and interpretations have been issued and have been endorsed by the European Union, but are not mandatory for the first time for the financial year beginning 1 January 2012:

- Amendments to IAS 1 'Presentation of financial statements', effective for annual periods beginning 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.

- 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.

The application of the aforementioned amendment does not constitute a significant impact on the financial information of the Company.

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 2012 and have not been endorsed by the European Union:

- IFRS 9 'Financial instruments', effective for periods beginning on or after 1 January 2015. 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 2013¹. 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 is 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 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.
- Amendments to IAS 32 'Offsetting financial assets and financial liabilities', effective for annual periods beginning on or after 1 January 2014. The amendments clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.
- Amendments to IFRS 7 'Disclosures – Offsetting financial assets and financial liabilities', effective for annual periods beginning on or after 1 January 2013. The amendment reflects the joint requirements with the FASB to enhance current

¹ On 1 June 2012, ARC voted on a regulation that requires IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 to be applied, at the latest, as from the commencement date of a company's first financial year starting on or after 1 January 2014 (i.e. early adoption would be permitted once the standards have been endorsed).

offsetting disclosures. The new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

- IFRIC 20 'Stripping costs in the production phase of a surface mine', effective for annual periods beginning on or after 1 January 2013. IFRIC 20 sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body.
- Amendments to IFRS 1 'First-time adoption of IFRSs' related to government loans, dealing with loans received from governments at a below market rate of interest, give first-time adopters of IFRSs relief from full retrospective application of IFRSs when accounting for these loans on transition. These amendments are effective for annual periods beginning on or after 1 January 2013.
- Amendments to IFRS 10 'Consolidated financial statements', IFRS 11 'Joint arrangements' and IFRS 12 'Disclosure of interests in other entities'. The amendments clarify the transition guidance in IFRS 10, and provide additional transition relief (f.i by limiting the requirement to provide adjusted comparative information to only the preceding comparative period or, for disclosures related to unconsolidated structured entities, removing the requirement to present comparative information for periods before IFRS 12 is first applied). Those amendments will be effective for annual periods beginning on or after 1 January 2013, which is aligned with the effective date of IFRS 10, 11 and 12.
- IASB publishes 'annual improvements' with minor amendments to five standards for 2013 year ends including IFRS 1, 'First time adoption of IFRS', IAS 1, 'Presentation of financial statements', IAS 16, 'Property, plant and equipment', IAS 32, 'Financial instruments: Presentation' and IAS 34, 'Interim financial reporting'.

4. Non recurring items

Non recurring items as per 30 June 2012 primarily relates 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 2012 are as follows:

(x 1,000 euros)	Fagron	Arseus Dental	Arseus Medical	Corilus	Total
Turnover	141,065	83,611	25,744	17,853	268,272
EBITDA before non recurring items and corporate costs	29,051	2,446	2,701	4,622	38,820
Corporate costs					(3,447)
Non recurring items					(2,549)
Depreciations and amortizations					(8,362)
Operating profit					24,462

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

As on 30 June 2012, the assets and liabilities, as well as the capital expenditure (investments) for the reporting period ending on this date, are as follows:

(x 1,000 euros)	Fagron	Arseus Dental	Arseus Medical	Corilus	Unallocated	Total
Total assets	329,875	189,164	58,837	59,932	48,383	686,190
Total liabilities	107,368	53,806	14,968	16,698	271,590	464,429
Capital expenditure	14,608	1,764	1,185	3,185	(10,809)	9,934

As on 31 December 2011, the assets and liabilities, as well as the capital expenditure (investments) for the reporting period ending on this date, are as follows:

(x 1,000 euros)	Fagron	Arseus Dental	Arseus Medical	Corilus	Unallocated	Total
Total assets	301,798	194,690	56,455	56,707	70,583	680,232
Total liabilities	115,196	56,722	16,572	11,974	259,316	459,780
Capital expenditure	4,359	2,023	1,080	5,152	4,717	17,330

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 is part of the 2011 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 2012 Arseus acquired several companies. Full control was acquired of all group companies. As the acquired activities were immediately - in their entirety or to a significant degree – integrated in existing entities of Arseus, their respective contribution to the profit of Arseus have not been reported separately.

In December 2011 Arseus acquired Pharma Cosmetic. This company is included in Arseus' consolidated financial statements as from 1 January 2012. The provisional fair value of the acquired assets and liabilities of Pharma Cosmetic was determined as detailed below.

Fair value of the acquired assets and liabilities of Pharma Cosmetic (x 1,000 euros)	
Property, plant and equipment	212
Deferred tax assets	266
Stock	441
Trade receivables	2,057
Other receivables	10
Cash	55
Total assets	3,041
Trade payables	336
Other current debts	1,451
Net acquired assets	1,254
Goodwill	24,208
Total acquisition amount	25,462

For the acquisition of Pharma Nostra Comercial Ltda in 2011 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 Pharma Nostra Comercial Ltda (x 1,000 euros)	
Intangible assets	4
Property, plant and equipment	5,121
Other non-current assets	50
Deferred tax assets	2,146
Stock	5,717
Trade receivables	5,268
Other receivables	103
Cash	2,104
Total assets	20,513
Financial debts	5,856
Trade payables	6,546
Other current debts	10,718
Net acquired assets	(2,608)
Goodwill	54,314
Total acquisition amount	51,707

Furthermore some smaller companies and activities were acquired, the total acquisition price of which amounted to 3.2 million euros. The total net assets acquired, before allocation of the acquisition price, amounted to 1.3 million euros.

The fair value of a number of acquired assets and liabilities was determined on a provisional basis. The fair value as stated is provisional because the integration process of the acquired entities and their activities is still ongoing.

12. Subsequent events

On 2 July 2012 Arseus issued bonds for an amount of 225 million euros, the nominal value of the bonds are 1,000 euros. The bonds have a maturity of 5 years and offer a fixed annual gross interest of 4.75%. The bonds are redeemable at 100% of the nominal value on 2 July 2017.

Arseus NV has also completed a credit facility of 300 million euros with ING Belgium (Coordinator), KBC Bank, BNP Paribas Fortis and Commerzbank. The new credit agreement has a term of 5 years and a revolving credit facility of 300 million euros, divided into two tranches each of 150 million euros. The main covenant of this credit facility is a net financial debt/recurring EBITDA ratio of a maximum of 3.25.

The proceeds of the bond issue are used by Arseus NV for the repayment of 150 million euros of the 300 million euros credit facility. The new credit facility of 150 million euros at ING Belgium (Coordinator), KBC Bank, BNP Paribas Fortis and Commerzbank and the bond issue of 225 million euros replace the credit facility of 300 million euros that was agreed on 30 August 2007 and amended on 10 December 2010.

For the outlook of the financial year 2012, see the press release of 6 August 2012. The main risks and uncertainties are the same as those mentioned in the 2011 annual report.

13. Contingent liabilities

No significant changes have occurred since 31 December 2011.

14. Effective tax rate

Recognised income tax expenses are based on management's best estimate of the weighted average annual income tax rate of 23,4%, which is expected for the full financial year 2012.

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 2012

Introduction

We have reviewed the accompanying consolidated balance sheet of Arseus NV and its subsidiaries as of 30 June 2012 and the related consolidated statement of realised and unrealised gains and losses, 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.

Ghent, 3 August 2012

PwC Bedrijfsrevisoren bevb
Represented by

Peter Opsomer
Bedrijfsrevisor