

Interim financial statements

First semester 2013

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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 2013, which have been prepared in accordance with the IAS 34 'Interim Financial Reporting' as adopted by the European Union, give 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 2013. A detailed report on the first semester of 2013 can be found in the Arseus press release of 2 August 2013.

2. Consolidated income statement

(x 1,000 euros)	June 2013	June 2012
Operating income	283,097	268,770
Turnover	282,705	268,272
Other operating income	392	498
Operating expenses	(247,525)	(244,308)
Trade goods	(136,015)	(136,823)
Services and other goods	(43,440)	(40,754)
Employee benefit expenses	(59,865)	(56,294)
Depreciation and amortization	(8,637)	(8,362)
Other operating expenses	431	(2,076)
Operating profit	35,571	24,462
Financial income	383	604
Financial expenses	(10,833)	(5,111)
Profit before income tax	25,121	19,955
Income tax expenses	(6,325)	(4,675)
Profit after income tax	18,796	15,280
Attributable to:		
Equity holders of the company (net profit)	18,774	15,279
Non-controlling interest	22	1
Profit for the period	18,796	15,280
Earnings per share (in euros)	0.61	0.50
Diluted earnings per share (in euros)	0.60	0.50
Recurring earnings per share (in euros)	0.64	0.55
Diluted recurring earnings per share (in euros)	0.63	0.54

3. Consolidated statement of realised and unrealised gains and losses

(x 1,000 euros)	June 2013	June 2012
Profit after income tax for the semester	18,796	15,280
Unrealised gains and losses		
Exchange rate differences	(10,260)	(4,715)
Total realised and unrealised gains and losses for the period	8,536	10,565
Attributable to the equity holders of the company	8,587	10,552
Minority interests	(51)	13

4. Consolidated balance sheet

(x 1,000 euros)	June 2013	December 2012
Non current assets	593,991	511,287
Intangible assets	501,811	417,866
Property, plant and equipment	59,244	59,255
Financial assets	869	843
Deferred tax assets	30,616	32,296
Other non current assets	1,451	1,027
Current assets	258,645	237,607
Stock	91,433	85,963
Trade receivables	67,665	62,993
Other current assets	20,906	16,299
Cash and cash equivalents	78,640	72,352
Total assets	852,636	748,894
Equity	229,326	245,384
Shareholder's equity (parent)	233,240	247,182
Treasury shares	(7,614)	(5,552)
Non-controlling interest	3,700	3,754
Non current liabilities	357,980	315,139
Provisions	3,394	3,519
Pension obligations	5,032	4,801
Deferred tax liabilities	1,734	2,466
Borrowings	345,356	300,604
Financial instruments	2,464	3,749
Current liabilities	265,329	188,371
Borrowings	60,485	4,865
Trade payables	92,343	97,641
Taxes, remuneration and social security	34,983	34,389
Other current payables	77,518	51,477
Total equity and liabilities	852,636	748,894

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 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
Currency translation adjustments		(4,359)			(4,359)	44	(4,315)
Profit for the period				28,627	28,627	(86)	28,541
Total recognised income for the period	318,134	(206,871)	(4,939)	135,910	242,233	3,753	245,987
Capital increase							
Treasury shares			(613)		(613)		(613)
Dividends relating to 2011 result							
Share-based payments		10			10		10
Balance at 31 December 2012	318,134	(206,861)	(5,552)	135,910	241,630	3,753	245,384
Currency translation adjustments		(10,187)			(10,187)	(73)	(10,260)
Profit for the period				18,774	18,774	22	18,796
Total recognised income for the period	318,134	(217,048)	(5,552)	154,684	250,217	3,703	253,920
Capital increase	793				793		793
Treasury shares			(2,061)		(2,061)		(2,061)
Result on treasury shares		(4,637)			(4,637)		(4,637)
Dividends relating to 2012 result				(18,842)	(18,842)		(18,842)
Share-based payments		153			153		153
Balance at 30 June 2013	318,927	(221,531)	(7,614)	135,842	225,623	3,703	229,326

6. Consolidated cash flow statement

(x 1,000 euros)	June 2013	June 2012
Operating activities		
Profit before income taxes	25,121	19,955
Taxes paid	(4,317)	(5,351)
Adjustments for financial items	10,450	4,507
Total adjustments for non-cash items	8,903	8,215
Total changes in working capital	(15,908)	(4,355)
Total cash flow from operating activities	24,249	22,971
Investment activities		
Capital expenditures	(10,499)	(9,934)
Investments in existing shareholdings (subsequent payments) and in new holdings	(76,117)	(42,099)
Total cash flow from investing activities	(86,616)	(52,033)
Financing activities		
Capital increase	793	608
Purchase of treasury shares	(7,371)	1,084
Dividends paid	(18,652)	(15,236)
New borrowings	105,935	43,489
Reimbursement of borrowings	(6,355)	(24,315)
Interest received (paid)	(5,319)	(5,390)
Total cash flow from financing activities	69,031	240
Total net cash flow for the period	6,665	(28,822)
Cash and cash equivalents – start of the period	72,352	69,850
Gains or losses on exchange on liquid assets	(377)	(309)
Cash and cash equivalents – end of the period	78,640	40,719
Change in cash and cash equivalents	6,665	(28,822)

7. Profit per share

The weighted average number of ordinary shares outstanding on 30 June 2013 equals 30,696,597 compared to 30,374,461 on 30 June 2012. This results in a basic earnings per share of € 0.61, the diluted earnings per share are equal to € 0.60.

On 30 June 2013 the capital represented 31,358,358 shares, 381,378 of which are treasury shares held by Arseus NV. As result of the exercise of warrants 79,844 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, North and South America, Australia, Asia, The Middle East, and Africa. 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 1 August 2013.

2. Basis of preparation for condensed consolidated interim financial information

This condensed consolidated interim financial information for the first half of 2013, including the comparative figures for 2012, 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 2012 (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 2013 are consistent with those applied in the Arseus consolidated financial statements for the year ended 31 December 2012.

The accounting policies were consistently applied for all periods presented.

A summary of the most important accounting policies can be found in the 2012 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 2013 and which have been endorsed by the European Union.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2013:

- 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.
- 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 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.

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

The application of IAS 19 Revised 'Employee benefits' would have a positive impact on the pension obligation of 1.5 million euros. The unrealized gains and losses relating to the defined benefit plans would have been 1.5 million euros higher. The application of the amendment does not constitute a significant impact on the financial information of the company. Due to the limited impact the adjustment is not included in the group figures of the Company.

The following new standards and amendments to standards 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 2013:

- IAS 27 Revised 'Separate financial statements', effective for annual periods beginning on or after 1 January 2014. 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.

- IFRS 10 'Consolidated financial statements', effective for annual periods beginning on or after 1 January 2014. 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 2014. The new standard focuses on the rights and obligations rather than the legal form. Proportional consolidation is no longer allowed.
- 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.

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

The following new standard, amendments to standards and interpretation have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2013 and have not been endorsed by the European Union:

- Amendments to IAS 36 'Impairment of assets', effective for periods beginning on or after 1 January 2014. The IASB made consequential amendments to the disclosure requirements of IAS 36 when it issued IFRS 13. One of the amendments was drafted more widely than intended. This limited scope amendment corrects this and introduces additional disclosures about fair value measurements when there has been impairment or a reversal of impairment.

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

4. Non recurring items

Non recurring items as per 30 June 2013 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, Corilus, Healthcare Solutions and Healthcare Specialties. 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. **Corilus** provides total ICT solutions for a wide range of medical and paramedical professions, including pharmacists, dentists, physicians, ophthalmologists and veterinarians.
3. **Healthcare Solutions** encompasses two operational segments, specifically Arseus' dental and medical distribution activities. The dental and medical distribution activities provide integrated total solutions, innovative products and services for workflow and practice management, digital imaging equipment and hygiene management to dental practices. The medical distribution activity provides innovative products, services and solutions for ophthalmologists, bandagistery, hospitals and homecare nurses. The focus lies on personal care, mobility, organisation, hygiene & sterilisation and diagnostics.
4. **Healthcare Specialties** focuses on developing and launching innovative dental and medical solutions and products. This segment contains three operational segments which have different economic features. However because of their size, these segments are not reported individually. This segment includes the activities focused on dental laboratories and the supply of services and new technologies to doctors and hospitals in the Benelux. This segment also covers the development, assembly and production of a complete own range of imaging equipment for dentists and the production of precision components for the dental and orthopaedic industry.

The segment results for the period ending on 30 June 2013 are as follows:

(x 1,000 euros)	Fagron	Corilus	Healthcare Solutions	Healthcare Specialties	Total
Turnover	158,158	20,453	58,658	45,436	282,705
EBITDA before non recurring items and corporate costs	38,749	5,358	721	5,583	50,411
Corporate costs					(3,703)
Non recurring items					(2,499)
Depreciations and amortizations					(8,637)
Operating profit					35,571

The segment results for the period ending on 30 June 2012 are as follows:

(x 1,000 euros)	Fagron	Corilus	Healthcare Solutions	Healthcare Specialties	Total
Turnover	141,065	17,853	61,900	47,454	268,272
EBITDA before non recurring items and corporate costs	29,051	4,622	-417	5,565	38,820
Corporate costs					(3,447)
Non recurring items					(2,549)
Depreciations and amortizations					(8,362)
Operating profit					24,462

As on 30 June 2013, 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	Corilus	Healthcare Solutions	Healthcare Specialties	Unallocated	Total
Total assets	483,611	74,815	116,269	127,643	50,299	852,636
Total liabilities	119,532	25,366	30,711	29,654	418,047	623,310
Capital expenditure	2,985	4,192	783	1,043	1,496	10,499

As on 31 December 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	Corilus	Healthcare Solutions	Healthcare Specialties	Unallocated	Total
Total assets	381,917	60,033	115,550	121,624	69,772	748,894
Total liabilities	111,747	13,608	38,572	27,838	311,745	503,511
Capital expenditure	18,523	6,180	2,099	2,248	(9,571)	19,479

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 2012 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 2013 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.

Regarding Polish company Pharma Cosmetic, acquired in 2012, the final fair value of the assets and liabilities was established.

Fair value of the acquired assets and liabilities of Pharma Cosmetic (x 1,000 euros)	
Property, plant and equipment	967
Deferred tax assets	170
Stock	441
Trade receivables	2,057
Other receivables	10
Cash	55
Total assets	3,701
Financial debt	13
Trade payables	336
Other current debts	1,357
Net acquired assets	1,995
Goodwill	23,467
Total acquisition amount	25,462

US Company B&B Pharmaceuticals was acquired in December 2012. The fair value of the acquired assets and liabilities is determined as detailed below.

Fair value of the acquired assets and liabilities of B&B Pharmaceuticals Inc (x 1,000 euros)	
Property, plant and equipment	20
Deferred tax assets	36
Stock	377
Trade receivables	300
Other receivables	1
Cash	102
Total assets	836
Trade payables	223
Other current debts	143
Net acquired assets	470
Goodwill	10,844
Total acquisition amount	11,314

US Company Freedom Pharmaceuticals was acquired in April 2013. The company is included in the consolidated financial figures from 1 April 2013 onwards. For the acquisition of Freedom Pharmaceuticals an allocation was determined on a provisional basis. The fair value of the acquired assets and liabilities is determined as detailed below.

Fair value of the acquired assets and liabilities of Freedom Pharmaceuticals Inc (x 1,000 euros)	
Property, plant and equipment	248
Stock	1,562
Trade receivables	1,556
Cash	64
Total assets	3,429
Financial debts	525
Trade payables	754
Other current debts	316
Net acquired assets	1,835
Goodwill	75,053
Total acquisition amount	76,888

Furthermore, some smaller companies and activities were acquired during S1 2013. The total acquisition price amounted to 15.9 million euros. The total net assets acquired, before allocation of the acquisition price, amounted to 0.6 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.

The total represents an increase in the goodwill of 82.2 million euros of which -7.8 million euros due to exchange rate differences, which were mainly due to fluctuations in the Brazilian real.

At year-end the Group had 11.235 million euros in contingencies. These fees payable to former shareholders were determined on the basis of business plans at the time of acquisition. The most important increase in the first semester is a contingency of 23 million euros regarding Freedom Pharmaceuticals. The difference between the liability as stated and the actual payment is -1.810 million euros for the first semester.

12. Subsequent events

On 4 July 2013 Arseus announced the sale of Dorge Medic to Bastide Le Confort Médical. Bastide Le Confort Médical is a company specialized in services and sales of medical tools, based in France and listed at NYSE Euronext Paris.

Established in 1991 in Temploux, Dorge Medic (part of Arseus Healthcare Solutions) provides products and value added services for mobility aids, and incontinence and stoma care in Wallonia, Belgium. In 2012, Dorge Medic generated a turnover of approximately € 3.3 million.

For the outlook of the financial year 2013, please refer to the press release of 2 August 2013. The main risks and uncertainties are the same as those mentioned in the 2012 annual report.

13. Effective tax rate

Recognised income tax expenses are based on management's best estimate of the weighted average annual income tax rate of 25,2%, which is expected for the full financial year 2013.

14. 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 2013

Introduction

We have reviewed the accompanying consolidated balance sheet of Arseus NV and its subsidiaries as of 30 June 2013 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 Condensed Financial Information Performed by the Independent Auditor of the Entity." A review of condensed 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.

Antwerp, August 1, 2013

The statutory auditor
PwC Reviseurs d'Entreprises scrl / Bedrijfsrevisoren bcvba
Represented by

Peter Van den Eynde
Partner

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