

Interim financial statements

First semester of 2016

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The undersigned hereby declare that, to the best of their knowledge, the condensed consolidated financial statements for the six-month period ended 30 June 2016, which have been prepared in accordance with 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 semester of the financial year and of other legal necessary information.

Hans Stols, CEO
Karin de Jong, CFO

1. Interim management report

A detailed report on the turnover of the first semester of 2016 can be found in the Fagron press release of 5 August 2016.

2. Condensed consolidated income statement

(x 1,000 euros)	Note	June 2016	June 2015 ¹
Operating income		211,731	222,985
Turnover		210,237	216,997
Other operating income		1,495	5,988
Operating expenses		177,871	175,462
Trade goods		77,446	80,182
Services and other goods		40,757	37,616
Employee benefit expenses		47,428	50,617
Depreciation and amortization		10,036	7,902
Other operating expenses		2,204	(854)
Operating profit		33,861	47,523
Financial income	8	11,943	862
Financial expenses	8	(22,324)	(15,139)
Profit before income tax		23,480	33,245
Taxes		6,899	10,573
Profit for the period from continuing operations		16,582	22,673
Profit (loss) for the period from discontinued operations (attributable to equity owners of the company)	18	(536)	4,925
Profit for the period		16,046	27,597
Profit attributable to:			
Equity holders of the company (net result)		15,672	27,291
Non-controlling interest		374	306
Earnings (loss) per share attributable to owners of the parent during the period			
Profit (loss) for the period per share (in euros)	9	0.42	0.88
From continuing operations	9	0.44	0.72
From discontinued operations	9	(0.02)	0.16
Diluted profit (loss) for the period per share (in euros)	9	0.42	0.88
From continuing operations	9	0.44	0.72
From discontinued operations	9	(0.02)	0.16

¹ The condensed consolidated income statement of June 2015 is restated for the application of IFRS 5.

3. Condensed consolidated statement of comprehensive income

(x 1,000 euros)	June 2016	June 2015 ²
Profit for the period	16,046	27,597
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	20,579	71
Other comprehensive income from the period	20,579	71
Total comprehensive income for the period	36,625	27,668
Attributable to:		
Equity holders of the company	36,285	27,319
Non-controlling interest	340	349
Total comprehensive income for the period attributable to equity holders of the company:	36,285	27,319
From continuing operations	36,821	22,394
From discontinued operations	(536)	4,925

² The condensed consolidated statement of comprehensive income of June 2015 is restated for the application of IFRS 5.

The unrealized exchange rate differences of 20.6 million euros are mainly due to the strengthening of the Brazilian real against the euro.

4. Condensed consolidated statement of financial position

(x 1,000 euros)	Note	June 2016	December 2015
Non-current assets		498,281	501,535
Intangible assets		411,033	410,601
Property, plant and equipment		68,750	71,133
Financial assets		6,594	5,859
Deferred tax assets		11,903	13,942
Current assets		314,199	187,846
Inventories		72,156	67,251
Trade receivables		35,151	34,090
Other receivables		13,275	11,031
Restricted cash	12	131,043	
Cash and cash equivalents		62,574	75,474
Total assets		812,480	689,381
Equity		102,355	(64,772)
Shareholders' equity (parent)		99,315	(67,473)
Non-controlling interests		3,040	2,700
Non-current liabilities		536,345	27,064
Provisions	14	13,506	15,987
Pension obligations		5,212	5,146
Deferred tax liabilities		203	1,519
Borrowings	13	517,424	4,411
Current liabilities		173,780	727,090
Borrowings	13	65,420	594,908
Trade payables		62,085	63,043
Taxes, remuneration and social security		18,700	25,282
Other current payables	15	26,135	41,859
Financial instruments	13	1,441	1,996
Total liabilities		710,125	754,154
Total equity and liabilities		812,480	689,381

5. Condensed 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 1 January 2015	319,660	(223,781)	(20,235)	78,983	154,628	2,319	156,948
Profit for the period				27,291	27,291	306	27,597
Other comprehensive income for the period		27			27	43	71
Total comprehensive income for the period		27		27,291	27,318	349	27,668
Capital increase	9,072				9,072		9,072
Sale of treasury shares			4,493		4,493		4,493
Result on treasury shares			(3,622)		(3,622)		(3,622)
Dividends relating to 2014 result				(31,156)	(31,156)		(31,156)
Share-based payment		8,244			8,244		8,244
Balance at 30 June 2015	328,731	(215,510)	(19,364)	75,119	168,977	2,669	171,646
Profit for the period				(229,619)	(229,619)	9	(229,610)
Other comprehensive income for the period		(25,371)			(25,371)	21	(25,350)
Total comprehensive income for the period		(25,371)		(229,619)	(254,990)	30	(254,960)
Capital increase	17,029				17,029		17,029
Sale of treasury shares			299		299		299
Result on treasury shares			242		242		242
Share-based payment		972			972		972
Balance at 1 January 2016	345,760	(239,909)	(18,823)	(154,501)	(67,473)	2,700	(64,772)
Profit for the period				15,672	15,672	374	16,046
Other comprehensive income for the period		20,613			20,613	(34)	20,579
Total comprehensive income for the period		20,613		15,672	36,285	340	36,625
Capital increase	131,043				131,043		131,043
Sale of treasury shares							
Result on treasury shares							
Share-based payment		(541)			(541)		(541)
Balance at 30 June 2016	476,803	(219,837)	(18,823)	(138,829)	99,315	3,040	102,355

6. Condensed consolidated statement of cash flows

(x 1,000 euros)	June 2016	June 2015 ³
Operating activities		
Profit before income taxes from continuing operations	23,480	33,245
Profit before income taxes from discontinued operations	(3,303)	3,889
Paid taxes	(7,863)	(14,068)
Adjustments for financial items	10,382	14,305
Total adjustments for non-cash items	4,208	12,984
Total changes in working capital	(11,084)	(13,818)
Total cash flow from operating activities	15,821	36,538
Investment activities		
Capital expenditures	(7,048)	(11,029)
Investments in existing shareholdings (subsequent payments) and in new holdings	(5,278)	(37,469)
Proceeds from disposal of assets		72,450
Total cash flow from investing activities	(12,327)	23,952
Financing activities		
Capital increase	131,043	107
Sale of treasury shares		870
Dividends paid		(31,360)
New borrowings	24	39,321
Reimbursement of borrowings	(1,392)	(86,765)
Interest received	446	862
Interest paid	(16,523)	(11,076)
Total cash flow from financing activities	113,598	(88,042)
Total net cash flow for the period	117,092	(27,552)
Cash and cash equivalents – start of the period	(75,474)	(108,552)
Gains or losses on exchange on liquid assets	(1,051)	(2,655)
Cash and cash equivalents – end of the period (including restricted cash)	193,617	83,655
Change in cash and cash equivalents (including restricted cash)	117,092	(27,552)
Cash flows from discontinued operations		
Cash flow from operating activities	(6,556)	6,242
Cash flow from investing activities	(3,806)	(1,148)
Cash flow from financing activities		(677)
Total net cash flow from discontinued operations	(10,362)	4,417

³ The condensed consolidated statement of cash flows of June 2015 is restated for the application of IFRS 5.

7. Notes to the interim financial information

1. General information

Fagron is the leading global pharmaceutical compounding company, bringing customized pharmaceutical care to hospitals, pharmacies, clinics and patients in 32 countries worldwide.

The Belgian company Fagron NV is located at Textielstraat 24, 8790 Waregem, Belgium. The company's registration number is BE 0890 535 026. The operational activities of Fagron are driven by the Dutch company Fagron BV. The company's head office is located in Rotterdam.

Fagron NV shares are listed on Euronext Brussels and Euronext Amsterdam.

These consolidated financial statements were approved for publication by the Board of Directors on 3 August 2016.

2. Summary of the most important basis for the condensed consolidated interim financial information

This condensed consolidated interim financial information for the first semester of 2016, including the comparative figures for 2015, 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 2015 (including the principles for financial reporting) which is available at www.fagron.com.

The consolidated financial statements for Fagron NV and its subsidiaries for full year 2015 have been prepared on the going concern basis, which assumes that the company will continue to be able to meet its liabilities as they fall due in the foreseeable future. Based on the situation at the end of that year, the directors expressed the existence of a material uncertainty which could cast doubt on the company's ability to continue as a going concern. On 5 May 2016, the Group received a long term waiver under its Revolving Loan Facility Agreement and Note Purchase Agreement. On 20 May 2016, the Group received the first tranche of the capital increase and on 7 July 2016 the second tranche of the capital increase has been completed, which means that there is currently no material uncertainty relating to the going concern basis of the company.

3. Summary of the most important accounting policies

The accounting policies used to prepare the consolidated interim financial statements for the first semester of 2016 are consistent with those applied in the Fagron consolidated financial statements for the year ended 31 December 2015.

The accounting policies were consistently applied for all periods presented.

A summary of the most important accounting policies can be found in the 2015 annual report. The annual report can be consulted through the following web link: www.fagron.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 2016 and which have been endorsed by the European Union.

4. Seasonality

Revenue and operating result of the Group are limitedly impacted by seasonal influences.

8. Net finance costs

(x 1,000 euros)	June 2016	June 2015
Financial income	11,943	862
Financial expenses	22,324	15,139
Net finance costs	10,381	14,227

The financial income has primarily increased due to a change in estimated cash flows of the financial debts in 2016 compared to the end of 2015. Due to the received Long Term Waivers on 5 May 2016 a long term solution is in place and this resulted in a change of 10.0 million euros of the financial debt.

The increase of the financial income was partially offset by higher interest expenses due to a combination of a higher average net debt and an increased interest rate (+3.2 million euros) and refinancing costs including consultancy costs relating to the refinancing (+4.5 million euros). The positive foreign exchange differences amount to 1.2 million euros.

The revaluation of the financial derivatives constitutes of a result of 1.3 million euros in the first semester of 2016 and 0.5 million euros in the first semester of 2015.

9. Earnings per share

(x 1 euro)	June 2016	June 2015
Basic earnings (loss) per share	0.42	0.88
- from continuing operations	0.44	0.72
- from discontinued operations	(0.02)	0.16
Diluted earnings (loss) per share	0.42	0.88
- from continuing operations	0.44	0.72
- from discontinued operations	(0.02)	0.16

The earnings used in the calculations are as follows:

(x 1,000 euros)	June 2016	June 2015
Profit (loss) attributable to equity holders of the company	15,672	27,291
- from continuing operations	16,208	22,366
- from discontinued operations	(536)	4,925

The weighted average number of ordinary shares used in the calculations are as follows:

(number of shares x 1,000)	June 2016	June 2015
Weighted average number of ordinary shares	36,938	30,910
Effect of warrants and stock options	-	138
Weighted average number of ordinary shares (diluted)	36,938	31,047

On 31 March 2016 the capital represented 32,111,827 shares. On 20 May 2016 the Group received the first tranche of the capital increase which resulted in an issuance of 22,626,387 shares. On 7 July, following the second tranche of the capital increase, 17,105,690 additional shares were issued. Therefore, on the date of this press release, the capital represents 71,843,904 shares.

10. Non-recurring items

A non-recurring item is an event or transaction that is considered abnormal, not related to ordinary company activities, and unlikely to recur in the foreseeable future. This can be a gain or a loss. The total non-recurring items, from continued operations, included in EBITDA amounts to 1.7 million euros costs (June 2015: 2.5 million euros costs). The 2016 non-recurring costs include primarily costs for a provision relating to a tax assessment in Brazil and a one-off correction of stock in Switzerland. The 2015 non-recurring items include primarily restructuring costs, legal fees and other smaller costs.

(x 1,000 euros)	June 2016	June 2015
Operating profit	33,861	47,523
Depreciation and amortization	10,036	7,902
EBITDA	43,897	55,424
Restructuring costs	843	679
Provision for tax assessment Brazil	823	-
One-off correction of stock Switzerland	697	-
Provision for onerous contract US	387	-
Correction warrant plans	(1,113)	-
Release provision & received earn-out Dental companies	(1,220)	-
Other non-recurring items	1,257	1,838
Total non-recurring items	1,674	2,518
REBITDA	45,571	57,942

11. Segment information

Fagron's divisional structure is tailored to the various activities of Fagron and also supports effective decision-making and individual responsibility. This is in accordance with IFRS 8, which states that the operational segments must be 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. Since 2015 Fagron reports according to the following segments: Fagron Specialty Pharma Services, Fagron Trademarks, Fagron Essentials and HL Technology.

1. **Fagron Specialty Pharma Services** refers to all personalized medication that is prepared in the sterile and non-sterile facilities in Europe, the United States, Colombia and South Africa.
2. **Fagron Trademarks** encompasses the innovative concepts, vehicles and formulations developed by Fagron's R&D team, often in close collaboration with prescribers, pharmacies and universities.
3. **Fagron Essentials** refers to all pharmaceutical raw materials, equipment and consumables that pharmacists require in order to be able to prepare medication in the pharmacy.
4. **HL Technology** develops and produces innovative precision components and orthopedic tools for dental and medical professionals.

The segment results for continuing operations for the reporting period ending 30 June 2016 are as follows:

(x 1,000 euros)	Fagron Specialty Pharma Services	Fagron Trademarks	Fagron Essentials	Fagron Total	HL Technology	Total
Total turnover	74,192	25,073	107,764	207,029	4,559	211,588
Turnover between segments			1,351	1,351		1,351
Turnover	74,192	25,073	106,413	205,678	4,559	210,237
Operating profit	7,445	5,102	21,766	34,313	(453)	33,861
Financial result						(10,381)
Profit before income tax						23,480
Taxes						6,899
Profit for the period						16,582

The segment results for continued operations for the reporting period ending 30 June 2015 are as follows:

(x 1,000 euros)	Fagron Specialty Pharma Services	Fagron Trademarks	Fagron Essentials	Fagron Total	HL Technology	Total
Total turnover	65,397	25,551	122,228	213,176	5,500	218,676
Turnover between segments			1,679	1,679		1,679
Turnover	65,397	25,551	120,549	211,497	5,500	216,997
Operating profit	14,726	7,906	24,940	47,572	(49)	47,523
Financial result						(14,227)
Profit before income tax						33,245
Taxes						10,573
Profit for the period						22,673

On 30 June 2016, the assets and liabilities, as well as the capital expenditure (investments) are as follows:

(x 1,000 euros)	Fagron Specialty Pharma Services	Fagron Trademarks	Fagron Essentials	HL Technology	Total
Total assets	221,546	73,446	508,399	9,089	812,480
Total liabilities	277,867	82,481	347,965	1,812	710,125
Capex	3,326	739	2,282	-	6,347

The capital expenditure in the first semester of 2016 mainly relates to the construction of new sterile facilities in the United States, The Netherlands and South Africa and the automation of the warehouse in Belgium. The Group is currently engaged in various small capital improvement projects. The capex excludes the change in investment payables for 1.3 million euros, mainly related to the investments mentioned above. The Group currently has a commitment of 5.4 million euros regarding the sterile manufacturing facility in Hoogeveen.

On 31 December 2015, the assets and liabilities, as well as the capital expenditure (investments) are as follows:

(x 1,000 euros)	Fagron Specialty Pharma Services	Fagron Trademarks	Fagron Essentials	HL Technology	Total
Total assets	172,069	52,823	456,077	8,413	689,381
Total liabilities	316,200	77,517	358,655	1,783	754,154
Capex	16,485	1,888	7,619	166	26,159

The capital expenditure in 2015 mainly relates to the construction of new sterile facilities in the United States, The Netherlands and South Africa, the automation of the warehouse in Belgium and facility and office improvements. The capex excludes the change in investment payables for 4.1 million euros, mainly related to the investments mentioned above.

12. Restricted cash

The proceeds from the capital increase, as agreed in the Long Term Waivers, can only be used by Fagron for the repayment of debt on the respective due dates of (i) the 45.0 million US dollars 4.15% Series A Notes due at 15 April 2017, (ii) the 22.5 million euros 3.55% Series B Notes due on 15 April 2017 and (iii) the 225.0 million Eurobonds due on 2 July 2017. Therefore, the amount received in the first tranche of the capital increase has been reclassified from cash and cash equivalents to restricted cash.

13. Borrowings

Per 31 December 2015 the directors expressed the existence of a material uncertainty which could cast doubt on the company's ability to continue as a going concern. Therefore the majority of the borrowings were classified as current liabilities. On 5 May 2016 Fagron received Long Term Waivers under the Revolving Credit Facility and the Note Purchase Agreement. In the Long Term Waivers, the financiers waived the levels of both covenants stipulated in the Revolving Credit Facility and the Note Purchase Agreement until 30 June 2018. As a result, per 30 June 2016 the outstanding borrowings were therefore reclassified as non-current liabilities with the exception of the borrowings which will be due within the coming twelve months.

The financial covenants were adjusted to give Fagron extra latitude with respect to the original levels of the financial covenants. The extra latitude in the financial covenants will decrease with each six-months test period, starting with the first test period on 31 December 2016 until the test period ending on 30 June 2018. In each testing period after 30 June 2018, the levels of the financial covenants will return to the levels stipulated in the Revolving Credit Facility and the Note Purchase Agreement. The Revolving Credit Facility can be extended until 15 April 2021.

Test period	Financial covenants	
	Net financial debt / REBITDA	REBITDA / net interest expenses
31 December 2016	Max. 5.02x	Min. 1.81x
30 June 2017	Max. 4.60x	Min. 1.98x
31 December 2017	Max. 4.09x	Min. 2.32x
30 June 2018	Max. 3.60x	Min. 2.80x
After 30 June 2018	Max. 3.25x	Min. 4.00x

The interest risk relating to 70 million euros of the loans has been hedged with financial derivatives. The valuation of this instrument is in accordance with a Level 2 method. This implies that the valuation is based on inputs other than the listed prices in active markets such as included in Level 1. The fair values of all derivatives held for hedging purposes are based on valuation methods. These methods maximize the use of detectable market data where available and minimize the impact of the company's estimates and projections. The interest hedging instruments are valued on the basis of discounted cash flows. The parameters used for these models are those applicable as at semester-end and are therefore classified as Level 2. The valuation is calculated using the discounted cash flows of the nominal value and interest flows. The fair value of the financial derivative at the end of June 2016 was -1.4 million euros (2015: -2.0 million euros).

Furthermore, Fagron has a forward currency contract to buy 45.0 million US dollars which is reported under financial assets in the consolidated statement of financial position. The fair value of the forward currency contract at the end of June 2016 was 0.7 million euros.

The full movement in fair value, 1.3 million euros profit (June 2015: 0.5 million euros profit), was charged to the result.

14. Provisions

The decrease in provisions in the first semester of 2016 is primarily due to the utilization of the Schein provision (-4.4 million euros) which was a provision for a claim by Henry Schein regarding a dispute on the sale of multiple companies in 2013. Furthermore, a provision for a tax assessment in Brazil (0.8 million euros), a rent provision (0.7 million euros) and a provision for an onerous contract in the United States were set up. In the second quarter of 2016 a settlement was reached regarding the onerous contract and the provision has been amended to 0.4 million euros.

In the acquisition balance sheet of Bellevue Pharmacy, a provision is made of 10 million US dollars for costs arising from an investigation initiated by the US government regarding pricing of compounded products in the period prior to acquisition of Pharmacy Services Inc. The survey of the US government covers the entire sector. The provision covers attorney fees and the possible settlement with the government. At semester-end 2016, the provision amounts to 8.3 million euros.

The Group has a number of other small, immaterial provisions mostly relating to product liability claims and employment matters in the ordinary course of business.

15. Payables

The decrease in other current payables is primarily related to a decrease of the SARs liability (for further information, see chapter 17), the settlement of the dispute with Henry Schein and the payment of certain contingent considerations.

16. 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 2015 annual report. The remuneration is determined on a yearly basis, therefore no further details are provided in these interim financial statements.

17. Business combinations

In the first semester of 2016 Fagron did not acquire new companies.

In April 2015, AnazaoHealth Inc. was acquired. AnazaoHealth Inc. is a sterile compounding pharmacy in the United States, specialized in nuclear, pain and intrathecal compounding. The acquisition involved a payment of approximately 36.6 million euros, partly paid in cash and partly in shares (of which 8.1 million euros earned in shares) representing an increase in goodwill of 30.5 million euros. It was expected that the goodwill would be fully deductible.

The final, fair value of the acquired assets and liabilities was determined as detailed below:

Fair value of the acquired assets and liabilities (x 1,000 euros)	
Intangible assets	11,994
Property, plant and equipment	1,189
Inventories	1,101
Trade receivables	2,775
Other receivables	980
Cash and cash equivalents	250
Total assets	18,290
Financial debts	1,224
Trade payables	976
Other current payables	10,068
Net acquired assets	6,022
Goodwill	30,539
Total acquisition amount	36,562

The total changes in goodwill from acquisitions represents an increase of 0.4 million euros.

Contingent considerations

At the first semester closing the Group had 1.8 million euros in contingencies. These fees payable to former shareholders were determined on the basis of business plans at the time of acquisition.

(x 1,000 euros)	
Balance at 1 January 2016	3,264
Used during the period	1,453
Balance at 30 June 2016	1,811

The contingent considerations relate to Greece, South Africa and South America.

The contingent considerations vary between 0 euros and a maximum of 1.8 million euros. The considerations are measured at the fair value at the moment of acquisition. This is estimated based on the maximum compensation if the conditions are met.

18. Discontinued operations

Fagron announced the closing of Bellevue Pharmacy at the publication of the trading update of the first quarter. The changed reimbursement system in the United States had a major impact on the turnover and

profitability of Bellevue Pharmacy. After the impairment on Bellevue Pharmacy at the end of 2015 and the losses in the first quarter of 2016, the Group decided to close Bellevue Pharmacy.

Result for the year from discontinued operations:

(x 1,000 euros)	June 2016	June 2015
Operating income	4,176	26,771
Turnover	4,159	26,771
Other operating income	17	-
Expenses	7,479	22,882
Profit before income tax	(3,303)	3,889
Attributable income tax expenses	3,917	(1,547)
Profit (loss) on remeasurement to fair value, settlement costs and costs to sell	(1,149)	2,582
Profit (loss) for the year from discontinued operations (attributable to Equity holders of the company)	(536)	4,925

Profit (loss) on remeasurement to fair value, settlement costs and costs to sell in 2016 include a release of the SARs liability (-11.1 million euros), the impairment of tangible assets and intangible assets (9.6 million euros), costs related to the closing of the company (2.7 million euros). The necessary provisions for closure have been made.

The SARs liability relates to an appreciate rights incentive plan for the benefit of certain senior executives at Bellevue Pharmacy. The plan was created and entered into on 1 January 2013, prior to its acquisition by the Group and the amount was part of the acquisition value. In May 2016 an agreement was reached between the Group and the former Bellevue Pharmacy employees, resulting in a release of part of the SARs liability. The expected proceeds of sale less costs to sell of the tangible and intangible assets of Bellevue Pharmacy are less than zero, therefore these assets have been impaired to zero.

19. Subsequent events

Second tranche of capital increase

In the beginning of July the second tranche of the capital increase has been completed successfully. A total amount of 88.3 million euros was raised through a rights offering together with a scrips private placement. Fagron issued a total of 17,105,690 new shares.

Claim with regard to acquisition of AnazaoHealth

Fagron NV announced that a claim was filed in July 2016 by one of the nine former owners of AnazaoHealth. The former owner is seeking damages in relation to the acquisition transaction somewhere in the range of 10 to 20 million dollars. Fagron contests all allegations and the entire claim and will respond in court to the allegations and claims made. No provision has been created for this claim.

20. Effective tax rate

Recognised income tax expenses are based on management's best estimate of the weighted average annual income tax rate of 29.4%, which is expected for the full financial year 2016 (S1 2015: 31.8%).



To the Board of Directors
Fagron NV

FREE TRANSLATION

Statutory auditor's report on review of condensed consolidated financial information for the period ended 30 June 2016

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Fagron NV and its subsidiaries as of 30 June 2016 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of 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 condensed consolidated financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated 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 condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Antwerp, August 4, 2016

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

Peter Van den Eynde
Bedrijfsrevisor

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