



INTERIM FINANCIAL STATEMENTS

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The undersigned hereby declare that, to the best of their knowledge, the interim financial statements for the six-months period ended 30 June 2008, 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 other legally required information.

Ger van Jeveren, CEO
Jan Peeters, CFO
26 August 2008

1. Interim management report

Besides the acquisitions of Julie-Owandy and Tamda no significant events have occurred during the first six months of 2008. A detailed report over the first six months of 2008 is applicable in the press release of August 26th 2008.

2. Consolidated income statement

(x 1.000 euro)	June 2008	June 2007
Operating income	171,543	147,144
Turnover	170,456	145,870
Other operating income	1,087	1,274
Operating expenses	156,388	134,529
Trade goods	90,755	77,592
Services and other goods	25,957	20,614
Employee benefit expenses	36,932	31,039
Depreciations, amortisations and changes in provisions for liabilities	2,700	2,876
Other operating expenses	44	2,407
Operating result	15,155	12,615
Financial income	94	868
Financial expenses	-3,320	-4,236
Profit before income tax	11,929	9,247
Income tax	2,031	1,570
Profit for the period	9,898	7,677
Share third parties	-18	
Share of the group	9,880	7,677
Profit for the period per share (in euro)	0.32	0.31
Diluted profit per share (in euro)	0.32	0.31
Recurring net profit per share (in euro)	0.36	0.36
Diluted recurring net profit per share (in euro)	0.36	0.36

3. Consolidated balance sheet

(x 1.000 euro)	June 2008	December 2007
Non current assets	239,477	191,371
Intangible assets	192,220	155,662
Property, plant and equipment	29,926	21,195
Financial assets	256	255
Deferred tax assets	15,020	13,617
Other non current assets	2,056	642
Current assets	162,562	156,096
Inventories	66,527	56,521
Trade receivables	60,128	57,129
Other current assets	19,700	14,657
Cash and cash equivalents	16,207	27,789
Total assets	402,039	347,467
Equity	185,005	178,225
Share capital and share premium	317,302	317,302
Other reserves	-195,445	-196,321
Treasury shares	-4,338	
Retained earnings	65,291	57,244
Minority interest	2,195	
Non current liabilities	15,554	12,170
Provisions	892	1,491
Pension obligations	1,907	2,376
Deferred tax liabilities	3,340	2,871
Borrowings	9,414	5,432
Current liabilities	201,480	157,072
Borrowings	97,375	72,917
Trade payables	64,218	56,943
Taxes, remuneration and social security	20,218	18,053
Other current payables	19,669	9,159
Total equity and liabilities	402,039	347,467

4. Consolidated statement of changes in equity

(x 1.000 euro)	Share capital & share premium	Other reserves*	Treasury shares	Retained earnings	Total	Minority interest	Total equity
Balance at 31 December 2006	150,746	-90,918		40,984	100,812		100,812
Currency translation adjustments		-287			-287		-287
Profit for the period				7,677	7,677		7,677
Total recognised income for the period	150,746	-91,205		48,661	108,202		108,202
Capital increases							
Share-based payments							
Balance at 30 June 2007	150,746	-91,205		48,661	108,202		108,202
Currency translation adjustments		154			154		154
Profit for the period				8,583	8,583		8,583
Total recognised income for the period	150,746	-91,051		57,244	116,939		116,939
Capital increases	317,241				317,241		317,241
Share-based payments		89			89		89
<i>Change in ultimate holding company</i>							
Arseus BV share capital	-150,746	-105,360			-256,106		-256,106
Arseus NV formation	62				62		62
Balance at 31 December 2007	317,302	-196,321		57,244	178,225		178,225
Currency translation adjustments		787			787	113	900
Profit for the period				9,880	9,880	18	9,898
Total recognised income for the period	317,302	-195,534		67,124	188,892	131	189,023
Purchase of treasury shares			-4,338		-4,338		-4,338
Dividends relating to 2007 result				-1,833	-1,833		-1,833
Share-based payments		90			90		90
Purchase minority interest participation						2,064	2,064
Balance at 30 June 2008	317,302	-195,445	-4,338	65,291	182,810	2,195	185,005

* The 'Other reserves' contains 'Merger reserves' (195,967 thousand euros), 'Cumulative translation adjustments' and 'Other reserves'.

5. Consolidated cashflow statement

(x 1.000 euro)	June 2008	June 2007
Operating activities		
Profit before income taxes	11,929	9,247
Taxes paid	-2,536	-1,284
Total adjustments for non-cash items and interest paid	5,873	6,512
Total changes in working capital	-2,541	-4,900
Total cash flow from operating activities	12,725	9,576
Investment activities		
Capital expenditures	-9,126	-6,466
Investments in existing shareholdings (deferred-payments) and in new holdings	-30,301	-1,977
Total cash flow from investing activities	-39,427	-8,443
Financing activities		
Purchase of treasury shares	-4,338	
Dividends paid	-1,301	
New borrowings	25,577	2,698
Redemption of borrowings	-1,681	
Interest received (paid)	-3,226	-3,368
Total cash flow from financing activities	15,031	-670
Total net cash flow of the period	-11,670	463
Cash and cash equivalents - start of the year	27,789	2,532
Gains or losses on exchange on liquid assets	88	34
Cash and cash equivalents - end of the year	16,207	3,029
Change in cash and cash equivalents	-11,670	463

6. Earnings per share

The weighted average number of ordinary shares outstanding at 30 June 2008 equals 30,931,956 against 25,000,000 at 30 June 2007. This results in a basic earnings per share of € 0.32. The diluted earnings per share also equals € 0.32.

Due to the IPO in 2007 the total number of Arseus shares equals 31,195,121 representing the capital on 31 December 2007. Per 30 June 2008 Arseus NV has obtained the ownership of 484,358 of the outstanding shares.

Recurring net profit per share for the period is the sum of the share of the group and non-recurring costs after tax.

7. Notes to the interim financial information

1. General information

Arseus NV (the 'Company') and its subsidiaries (together the Group) are suppliers of products and services with high added value to the European healthcare professionals and institutions. The Group has activities in thirteen European countries in 2008. The company is a limited liability company. The Company is incorporated and domiciled in Belgium, having its registered office at Textielstraat 24, 8790 Waregem. The company registration number is BE 0890 535 026.

The shares of the company are listed on the regulated markets Euronext Brussels and Amsterdam.

These interim financial statements were approved for issue on 25 August 2008 by the Board of Directors.

2. Basis of preparation

These interim financial statements for the six months ended 30 June 2008 have been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The interim financial statements should be read in conjunction with the annual financial statements for the year 2007, which is available on www.arseus.com.

3. Summary of the most important accounting policies

The accounting policies used to prepare the interim financial statements for the first half of 2008 are consistent with those applied in the Arseus consolidated financial statements for the year ended 31 December 2007, except for standard IFRS 11 'Group and Treasury Shares Transactions', that became effective as per 1 January 2008, but had no impact on the consolidated interim financial statements for this interim period.

A summary of the most important accounting policies can be found in the 2007 annual report. The annual report can be consulted through the following web link: www.arseus.com.

On 10 January 2008, the IASB published a revised version of IFRS 3, 'Business Combinations and related revisions to IAS 27', 'Consolidated Separate Financial Statements'. This amendment is applicable as from the financial year 2010 (with earlier application permitted). Arseus is evaluating the effect of the changes.

On 17 January 2008, the IASB issued an amendment to IFRS 2, 'Shared-based Payments'. This amendment is applicable as from the financial year 2009 (with earlier application permitted). Arseus is evaluating the effect of the changes.

On 14 February 2008, the IASB issued amendments to improve the accounting for particular types of financial instruments that have characteristics similar to those of ordinary shares but that at present are classified as financial liabilities. The amendments affect IAS 32, 'Financial Instruments: Presentation' and IAS 1, 'Presentation of Financial Statements'. These amendments are applicable as from the financial year 2009 (with earlier application permitted) and will have no material effect on Arseus.

On 22 May 2008, the IASB issued 'Improvements to IFRSs', a collection of minor amendments to a number of IFRSs. These amendments have different application dates and have no material effect on Arseus.

On the same date, the IASB issued an amendment to IFRS 1, 'First-time Adoption of International Financial Reporting Standards', related to the cost of an investment in a subsidiary in the separate financial statements of a parent. This amendment is applicable as from the financial year 2009 (with earlier application permitted) and will have no material impact on Arseus.

4. Non recurring items

Non recurring costs as per June 30th 2008 and June 30th 2007 primarily relate to restructuring costs and integration costs.

8. Segment information

All activities of the Group relate to products and services in professional healthcare, classified in four main operational segments: Fagron, Arseus Dental, Arseus Medical and Corilus. In accordance with the accelerated application of IFRS 8, the operational segments are determined on the basis of the components the Executive Committee uses to assess the performance of the operational activities, which is used as a basis for the decisions.

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

1. Fagron – provides products and services for pharmaceutical compounding to pharmacists and pharmaceutical wholesalers. Fagron offers instruments and equipments for compounding, as well as raw materials, half-finished goods, increasingly under the Fagron-brand. In addition, Fagron also provides third-party compounding services to pharmacies wholesalers. Furthermore, Fagron also provides speciality pharmaceutical raw materials to the pharmaceutical, nutraceutical, veterinary and cosmetic industries;
2. Arseus Dental – markets equipment and consumables to dentists and other dental professionals and specialist supplies to technical dental laboratories;
3. Arseus Medical – provides medical equipment and consumables in Belgium and the Netherlands, and focuses primarily on five distinct consumer profiles: hospitals, nursing homes, ophthalmologists, home care and general/ specialist practitioners;
4. Corilus – is a provider of integrated IT solutions for healthcare professionals and institutions.

The segment results for the period ending 30 June 2008 are as follows:

(x 1.000 euro)	Fagron	Arseus Dental	Arseus Medical	Corilus	Total
Turnover	66,605	68,709	22,374	12,769	170,456
EBITDA before corporate costs and non recurring costs	11,709	6,665	1,176	3,151	22,701
Corporate costs					2,406
Non recurring costs					1,584
Depreciation and write-downs					3,556
Operating profit					15,155

The segment results for the period ending 30 June 2007 are as follows:

(x 1.000 euro)	Fagron	Arseus Dental	Arseus Medical	Corilus	Total
Turnover	50,854	57,824	24,800	12,392	145,870
EBITDA before corporate costs and non recurring costs	9,212	5,652	1,309	3,001	19,174
Corporate costs					1,742
Non recurring costs					1,725
Depreciation and write-downs					3,092
Operating profit					12,615

9. Business combinations

Acquisition Julie-Owandy

The Company has acquired 100% of the shares of French company Julie-Owandy, which provides total solutions to dentists via the combination of software and dental imaging equipment. Julie-Owandy realised turnover of approximately 20 million euros in 2007, with an EBITDA margin of approximately 12%.

- Julie is the market leader in France in software for dentists and serves more than 14,000 customers which results in a market share of approximately 35%;
- Owandy provides a complete range of dental imaging equipment (X-ray units, panoramic units, intra-oral digital sensors and cameras). Owandy has a worldwide installed base of approximately 15,000 units that are served via affiliates in countries including France, Benelux, Germany, Italy and Spain, and via distributors in other countries. The market for dental imaging equipment is one of the most attractive segments in the dental market with an estimated growth of 6% over the coming five years. The average penetration level of dental imaging equipment in Europe amounts to approximately 35%, which naturally still offers plenty of room for further growth. Owandy has a number of very innovative products in the pipeline from their own R&D department, especially concerning intra-oral sensors. Production is almost entirely outsourced.

Through this acquisition, Arseus reinforces its position in dental software and also, besides Belgium, will become market leader in France. Furthermore, this also offers many synergies at R&D level.

Owandy reinforces the market leadership of Arseus in the dental imaging segment in France, Belgium and the Netherlands and Arseus Dental will acquire access to Spain, Italy and a number of other strategic markets. This offers a number of opportunities for cross-selling, of course. The acquisition price of 18.3 million euros is paid entirely in cash. Arseus took over approximately 2 million euros of financial debt. The acquisition was completed in the course of the first semester of 2008. Julie-Owandy is in scope of consolidation as from April 2008.

The fair value of the acquired assets and liabilities has been provisionally determined.

Acquisition of a 70% stake in Tamda

The Company has acquired a 70% stake in TAMDA S.A., based in Olomouc, (Czech Republic). Tamda is the Czech market leader in the sale of pharmaceutical raw materials, creams and ointments to pharmacists. Tamda offers a complete assortment of raw materials and semi-finished goods and has a number of own registrations of pharmaceutical specialities. In recent years Tamda has invested heavily in production facilities. The acquisition offers Fagron a number of interesting opportunities for synergies related to the conditioning of pharmaceutical raw materials.

By acquiring Tamda, Fagron starts operations in Central and Eastern Europe, a market that offers many growth opportunities. The acquisition fits the buy-and-build strategy of Arseus, and aids Fagron's strategy to expand its position as market leader in magistral preparations in Europe. Supported by Fagron's broad product range, Tamda will strengthen its market leadership in the Czech Republic. Furthermore, management will actively explore a number of opportunities in other Central European markets.

Tamda realised revenues of almost 6 million euros in 2007 and has grown nicely in recent years. The company realises a high single-digit EBITDA margin. By implementing the Fagron model, this margin will evolve into the average of the Fagron business unit. Tamda is in scope of consolidation as from April 2008.

The fair value of the acquired assets and liabilities has been provisionally determined.

10. Significant events after balance date

Arseus takes over activities of Danish Unikem

Arseus has reached agreement with Nomeco about the takeover of Unikem's activities by means of an asset deal. Unikem is a division of Nomeco that has focused on selling pharmaceutical raw materials in Denmark and the rest of Scandinavia for over 200 years. Unikem supplies these raw materials to (hospital) pharmacies and the pharmaceutical industry. In 2007, Unikem achieved a double-digit EBITDA margin on turnover of approximately 3 million euros. The transaction is finalized at the end of July and will be in scope of consolidation as from August.

With this takeover of the activities of Unikem, Fagron will expand its operations into Scandinavia. The takeover is fully in line with Arseus' 'buy-and-build' strategy, and will contribute to Fagron's strategy to further expand its market leadership in pharmaceutical compounding in Europe. The introduction of the Fagron model and Fagron's broad product range will strengthen Unikem's market position in Scandinavia further. Nomeco A/S is a subsidiary of Tamro OY, part of the German company Phoenix Group.

11. Contingent liabilities

No significant changes have occurred since 31 December 2007.

12. Effective tax rate

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate of 17% expected for the full financial year.

13. Auditors' review report

To the Board of Directors
Arseus NV

Statutory auditor's report on review of consolidated condensed financial information for the period ended 30 June 2008

Introduction

We have reviewed the accompanying consolidated condensed balance sheet of Arseus NV and its subsidiaries as of 30 June 2008 and the related consolidated condensed statements of income, changes in equity and cash flows for the 6-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this consolidated condensed financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed financial information based on our review.

Scope of Review

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

Conclusion

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

Gent, 25 August 2008

PricewaterhouseCoopers Bedrijfsrevisoren bcvba
Represented by

Lieven Adams
Bedrijfsrevisor

Peter Opsomer
Bedrijfsrevisor