



INTERIM FINANCIAL STATEMENTS SEMESTER 1 - 2010

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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 2010, 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 have occurred during the first semester of 2010. A detailed report for the first semester of 2010 can be found in the press release of 20 August 2010.

2. Consolidated income statement

(x 1,000 euros)	June 2010	June 2009
Operating income	205,390	191,089
Turnover	204,678	190,173
Other operating income	712	916
Operating expenses	(188,843)	(175,780)
Trade goods	(106,741)	(100,065)
Services and other goods	(31,209)	(29,012)
Employee benefit expenses	(44,791)	(40,386)
Depreciation and amortization	(5,831)	(5,642)
Other operating expenses	(271)	(674)
Operating profit	16,548	15,309
Financial income	136	129
Financial expenses	(4,117)	(4,495)
Profit before income tax	12,567	10,943
Income tax expense	(2,011)	(1,548)
Profit after income tax	10,555	9,396
Attributable to:		
Equity holders of the company (net result)	10,481	9,362
Non-controlling interest	74	34
Profit for the period	10,555	9,396
Earnings per share (in euro)	0.35	0.31
Diluted earnings per share (in euro)	0.35	0.31
Recurring earnings per share (in euro)	0.47	0.40
Diluted recurring earnings per share (in euro)	0.47	0.40

3. Consolidated balance sheet

(x 1,000 euros)	June 2010	December 2009
Non current assets	308,874	289,532
Intangible assets	244,296	229,455
Property, plant and equipment	41,446	38,631
Financial assets	1,229	1,228
Deferred tax assets	20,936	19,205
Other non current assets	967	1,014
Current assets	183,218	182,628
Stock	61,292	60,771
Trade receivables	73,890	70,170
Other current assets	19,457	17,403
Cash and cash equivalents	28,578	34,284
Total assets	492,092	472,160
Equity	194,913	196,352
Shareholder's equity (parent)	203,763	202,187
Treasury shares	(11,033)	(7,881)
Non-controlling interest	2,183	2,046
Non current liabilities	179,526	157,097
Provisions	682	857
Pension obligations	3,342	3,365
Deferred tax liabilities	4,411	4,232
Borrowings	168,296	146,305
Financial instruments	2,796	2,339
Current liabilities	117,653	118,711
Borrowings	1,066	1,902
Financial instruments	3,539	2,974
Trade payables	67,900	67,605
Taxes, remuneration and social security	23,701	24,337
Other current payables	21,447	21,893
Total equity and liabilities	492,092	472,160

4. Consolidated statement of changes in equity

(x 1,000 euros)	Share capital & share premium	Other reserves	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 31 December 2008	317,302	(195,917)	(8,120)	70,281	183,546	1,984	185,530
Currency translation adjustments		(267)			(267)	77	(190)
Profit for the period				9,362	9,362	34	9,396
Total recognised income for the period	317,302	(196,183)	(8,120)	79,642	192,641	2,095	194,736
Purchase of treasury shares			239		239		239
Dividends relating to 2008 result				(9,073)	(9,073)		(9,073)
Share-based payments		77			77		77
Purchase participation non-controlling interests						(37)	(37)
Balance at 30 June 2009	317,302	(196,107)	(7,881)	70,569	183,883	2,058	185,941
Currency translation adjustments		164			164	(46)	118
Profit for the period				10,192	10,192	51	10,243
Total recognized income for the period	317,302	(195,943)	(7,881)	80,761	194,239	2,063	196,302
Purchase of treasury shares							
Dividends relating to 2008 result							
Share-based payments		67			67		67
Purchase participation non-controlling interests						(17)	(17)
Balance at 31 December 2009	317,302	(195,876)	(7,881)	80,761	194,306	2,046	196,352
Currency translation adjustments		1,896			1,896	62	1,959
Profit for the period				10,481	10,481	74	10,555
Total recognized income for the period	317,302	(193,980)	(7,881)	91,242	206,683	2,183	208,866
Purchase of treasury shares			(3,152)		(3,152)		(3,152)
Dividends relating to 2009 result				(10,880)	(10,880)		(10,880)
Share-based payments		78			78		78
Purchase participation non-controlling interests							
Balance at 30 June 2010	317,302	(193,902)	(11,033)	80,362	192,730	2,183	194,913

5. Consolidated cash flow statement

(x 1,000 euros)	June 2010	June 2009
Operating activities		
Profit before income tax	12,567	10,943
Taxes paid	(3,287)	(2,409)
Adjustments for financial items	3,981	4,366
Total adjustments for non-cash items	5,014	5,596
Total changes in working capital	(1,270)	(8,400)
Total cash flow from operating activities	17,005	10,096
Investment activities		
Capital expenditures	(7,438)	(7,235)
Investments in existing shareholdings (subsequent payments) and in new holdings	(19,384)	(9,953)
Total cash flow from investing activities	(26,822)	(17,188)
Financing activities		
Purchase of treasury shares	(3,152)	-
Dividends paid	(10,801)	(9,009)
New borrowings	22,225	23,973
Reimbursement of borrowings	(1,375)	(1,338)
Interest received (paid)	(2,959)	(3,021)
Total cash flow from financing activities	3,939	10,605
Total net cash flow of the period	(5,878)	3,513
Cash and cash equivalents - start of the period	34,284	18,503
Gains or losses on exchange on liquid assets	173	18
Cash and cash equivalents - end of the period	28,578	22,034
Change in cash and cash equivalents	(5,878)	3,513

6. Earnings per share

The weighted average number of ordinary shares outstanding at 30 June 2010 equals 30,100,683 against 30,208,308 at 30 June 2009. This results in a basic earnings per share of € 0.35. The diluted earnings per share equal € 0.35.

The total number of Arseus shares equals 31,195,121 representing the capital on 30 June 2010, Arseus NV has obtained the ownership of 1,323,550 of the outstanding shares.

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

7. Notes to the interim financial information

1. General information

Arseus NV (the 'Company') and its subsidiaries (together the Group) are suppliers of products, services and concepts with high added value to professionals and institutions in the European healthcare sector. Arseus has activities in seventeen European countries during 2009 and is also presented in the United States of America after the acquisition of Gallipot. 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 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 is listed on NYSE Euronext Brussels and NYSE Euronext Amsterdam.

This condensed consolidated interim financial information was approved for issue on 18 August 2010 by the Board of Directors.

2. Summary of the basis of preparation for the interim financial statements

This condensed consolidated interim financial information for the six months ended 30 June 2010 including the comparable figures of 2009 has been prepared in accordance with IAS 34, 'Interim Financial Reporting', like adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year 2009, which is available on 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 2010 are consistent with those applied in the Arseus consolidated financial statements for the year ended 31 December 2009.

The policies have been consistently applied to all the periods presented.

A summary of the most important accounting policies can be found in the 2009 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 the IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as from 30 June 2010 which have been adopted by the European Union.

New and revised standards and interpretations of existing standards applied by the Group in 2010:

- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009;
- Amendment to IFRS 2, 'Share based payments - Group cash-settled share based payment transactions' (effective for annual periods beginning on or after 1 January 2010);
- Improvements to International Financial Reporting Standards 2009. The effective dates vary standard by standard but most are effective on or after 1 January 2010.

The implementation of the above mentioned standards did not have any significant impact on financial reporting.

Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group:

- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 October 2009;
- IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009;
- 'Additional exemptions for first-time adopters' (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010;
- Improvements to International Financial Reporting Standards 2008, IFRS 5, 'Non-current assets held for sale and discontinued operations'. Effective for annual periods beginning on or after 1 July 2009;
- Amendments to IFRS 1, 'First-time adoption', (effective for annual periods beginning on or after 1 July 2009);
- IFRIC 12, 'Service Concession Arrangements', (effective for annual periods beginning on or after 1 January 2008 although EU endorsed for 30 March 2009);
- IFRIC 15, 'Agreements for construction of real estate' (effective for annual periods beginning on or after 1 January 2009 although EU endorsed for 1 January 2010);
- IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective for annual periods beginning on or after 1 October 2008 although EU endorsed for 1 July 2010);
- Amendments to IAS 39, 'Financial Instruments: Recognition and Measurement', (effective for annual periods beginning on or after 1 July 2009).

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

- Revised IAS 24, 'Related party disclosures'. The revised IAS 24 is required to be applied from 1 January 2011. Earlier application, in whole or in part, is permitted;
- 'Classification of rights issues' (amendment to IAS 32). The amendment should be applied for annual periods beginning on or after 1 February 2010. Earlier application is permitted;
- Amendment to IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. The amendment should be applied for annual periods beginning on or after 1 January 2011. Earlier application is permitted;
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. The interpretation should be applied for annual periods beginning on or after 1 July 2010. Earlier application is permitted;
- Amendment to IFRS 1, 'First-time adoption', on exemption of new fair value disclosures (effective on or after 1 July 2010).

4. Non recurring items

Non recurring costs as per 30 June 2010 primarily relate to restructuring costs.

8. Segment information

All activities of Arseus relate to products and services in professional healthcare and are divided 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 organized on the basis of four main operational segments:

1. **Fagron** provides products and services for pharmaceutical compounding. Fagron develops and markets its own pharmaceutical formularies, sells and distributes instruments and pharmaceutical raw materials for pharmaceutical compounding, sells and distributes compounded and cosmetic products under its own brand name, Fagron, to pharmacists, provides third-party pharmaceutical compounding services to pharmacists and hospitals, and provides specialty pharmaceutical raw materials to the pharmaceutical, nutraceutical, veterinary and cosmetic industries;
2. **Arseus Dental** provides specialist products and services to dentists, labs 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, retirement homes and homecare nurses. The focus lies on personal care, mobility, organisation, hygiene & sterilisation and diagnostics.
4. **Corilus** provides total IT solutions for a wide range of medical and paramedical professions, such as pharmacists, dentists, GPs, ophthalmologists and veterinarians.

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

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

The segment results for the period ending 30 June 2009 are as follows:

(x 1,000 euros)	Fagron	Arseus Dental	Arseus Medical	Corilus	Total
Turnover	73,342	79,586	23,157	14,088	190,173
EBITDA before corporate costs and non recurring costs	13,101	7,174	1,430	3,715	25,421
Corporate costs					(2,662)
Non recurring costs					(1,807)
Depreciation and amortisation					(5,642)
Operating profit					15,309

As at 30 June 2010 the assets and liabilities, and the capital expenditures for the reporting period ending on this date, are as follows:

(x 1,000 euros)	Fagron	Arseus Dental	Arseus Medical	Corilus	Unallo-cated	Total
Total assets	151,655	170,011	58,055	49,361	63,011	492,092
Total liabilities	48,279	48,024	16,030	12,521	172,325	297,179
Capital expenditures	665	739	564	1,639	3,831	7,438

As at 31 December 2009 the assets and liabilities, and the capital expenditures for the reporting period ending on this date, are as follows:

(x 1,000 euros)	Fagron	Arseus Dental	Arseus Medical	Corilus	Unallo-cated	Total
Total assets	133,841	166,920	60,442	45,896	65,061	472,159
Total liabilities	44,190	47,630	17,301	5,916	160,771	275,808
Capital expenditures	1,732	3,074	887	4,056	6,574	16,322

9. Related parties

The members of the Executive Committee and the CEO individually, as well as the non-executive directors are considered as related parties. The remuneration policy for non-executive directors and for members of the Executive Committee is described in the Corporate Governance Statement, which is an integral part of the 2009 annual report. The remuneration is determined on a yearly basis, therefore no further details are provided in these interim financial statements.

During the first semester of 2010 the CEO received 500,000 stock options, the other members of the enlarged Executive Committee received 440,000 stock options.

10. Business combinations

In the first semester Fagron has acquired American Gallipot, Gallipot is a leading supplier of pharmaceutical raw materials for pharmaceutical compounding to pharmacies in the United states. The acquisition of Gallipot gives Fagron a strong entry into the US market and forms an ideal platform for rolling-out the Fagron strategy.

For the acquisition of Gallipot during the first semester of 2010 a provisional allocation of the acquisition price has been determined. The fair value of the acquired assets and liabilities is detailed below:

Fair value of the acquired assets and liabilities of Gallipot (x 1,000 euros)	
Intangible assets	0
Property, plant and equipment	158
Deferred taxes	26
Stock	1,244
Trade receivables	863
Other receivables	84
Cash	135
Total assets	2,510
Deferred taxes	0
Trade payables	592
Other current debt	635
Net acquired assets	1,283
Goodwill	10,467
Total acquisition amount	11,750

11. Significant events after balance date

No significant events occurred after balance date. A forecast for the second semester of 2010 can be found in the press release of 20 August 2010. The most significant risks and uncertainties are the same as stated in the annual report 2009.

12. Contingent liabilities

No significant changes have occurred since 30 June 2010.

13. Effective tax rate

Recognised income tax expense is based on management's best estimate of the weighted average annual income tax rate of 16%, which is expected for the full financial year 2010.

14. Auditors' review report

FREE TRANSLATION

Statutory auditor's report on review of consolidated condensed financial information for the period ended 30 June 2010

Introduction

We have reviewed the accompanying consolidated balance sheet of Arseus NV and its subsidiaries as of 30 June 2010 and the related consolidated 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, 19 augustus 2010

PricewaterhouseCoopers Bedrijfsrevisoren bcvba
Represented by

Peter Opsomer
Bedrijfsrevisor