PROSPECTUS

ARSEUS

Arseus NV, Textielstraat 24, B-8790 Waregem, Belgium

This Prospectus relates to an Offering of up to 17,500,000 Existing Shares and of up to 6,000,000 New Shares (with VVPR strips attached) in Arseus NV, offered together with Offering Warrants for subscribers to the Priority Tranche in the Offering

Admission to Listing and trading on Eurolist by Euronext Brussels and Euronext Amsterdam of all Shares as well as Listing on Eurolist by Euronext Brussels of all VVPR strips and Offering Warrants

The Offering consists of a public offering in Belgium and a private placement to institutional investors in Belgium, as well as elsewhere in the European Economic Area and Switzerland in reliance on Regulation S under the US Securities Act of 1933, as amended (the "Securities Act").

The Offering will be divided into a Priority Tranche, for the holders of Coupons No.10 of Omega Pharma shares, and an Open Tranche, available to all investors.

The Existing Shares sold in the Offering are being offered by Omega Pharma NV, the Selling Shareholder. The Issuer will only receive the net proceeds from the sale of the New Shares offered in the Offering. See "Use of proceeds".

In addition, the Selling Shareholder has granted to the Joint Global Coordinators an option to purchase up to an additional 2,968,144 Existing Shares ("Over-allotment Option") corresponding to a maximum of 15% of the aggregate number of Shares sold in the Offering (excluding the Shares subscribed to by Couckinvest in the Offering). The Over-allotment Option will be exercisable from time to time on or before the 30th day after the Listing Date for the sole purpose of allowing the Joint Global Coordinators to cover over-allotments, if any.

Investing in the Shares Offered involves risks. Investors should refer to "Risk Factors" beginning on page 14 for a description of some of these risks.

Prior to this Offering, there has been no public market for the Shares, VVPR strips and Offering Warrants.

The Shares have not been and will not be registered under the Securities Act or with any regulatory authority of any state or other jurisdiction in the United States. The Shares are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. For a description of certain restrictions on transfers of the Shares, see "Disclaimers and notices", beginning on page 23.

Joint Global Coordinators

UBS Investment Bank

KBC Securities

Co-Lead Managers

Bank Degroof

ING

Kempen & Co Merchant Bank

Selling Agents

KBC Bank, ING Belgium and Bank Degroof

Prospectus dated 11 September 2007

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SUMMARY

This summary does not purport to be complete and should be read as an introduction to the more detailed information appearing elsewhere in this Prospectus. It contains selected information about Arseus and the Offering. It does not include all the information that may be important to prospective investors. This summary should be read together with, and is qualified in its entirety by, the more detailed information and combined financial statements and notes appearing elsewhere in this Prospectus. It should, in particular, be read together with the matters set forth under "Risk Factors". No civil liability will attach to the Issuer or the Selling Shareholder in respect of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Any decision to invest in the Shares Offered (whether or not with VVPR strips attached or together with the Offering Warrants, as further outlined in this Prospectus) should be based on consideration of this Prospectus as a whole. Where a claim relating to the information contained in this Prospectus is brought before a court in a member state of the European Economic Area, the plaintiff investor may, under the applicable legislation of the member state where the claim is brought, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.

Prospective investors should carefully review this entire Prospectus and should reach their own views and decisions on the merits and risks of investing in the Shares Offered in light of their own personal circumstances. Furthermore, investors should consult their financial, legal and tax advisers to carefully review the risks associated with an investment in the Shares Offered.

SUMMARY OF ARSEUS'S ACTIVITIES

Industry

The professional healthcare market involves the supply of products and services to physicians, pharmacists, dentists, hospitals, elderly care homes, nurses and other healthcare professionals. Healthcare professionals and institutions utilise a vast array of highly specialised products including, for example, medical and surgical equipment and consumables, laboratory apparatus, hospital beds, wheelchairs, diagnostic products, pharmaceutical raw materials, dental instruments and supplies, and customised software. Specialised services provided to professionals in the healthcare industry include, for example, practice management, customised information technology solutions, equipment installation and repair, and pharmaceutical compounding. This market's typical customer profile of a highly educated and often independent medical professional allows Arseus to differentiate itself by providing customers with value-added total solutions that facilitate operationally and economically optimal patient care.

Demographic changes are expected to continue to drive growth of the European professional healthcare market over the coming decades, as the population ages. The proportion of the population of the European Union aged over 65 is projected by Eurostat to increase from 15.9% in 2006 to 28.6% in 2050. Consumption of healthcare products and services increases considerably with age, with the over 65 age group accounting for a substantial majority of total healthcare consumption.

Other key drivers of expenditures by European healthcare professionals include technological innovation creating new or improved therapeutic or diagnostic equipment and procedures, increased public healthcare awareness, an increased focus on aesthetics, general economic welfare, and the growth of third party healthcare insurance coverage. Factors partially offsetting these drivers include increasing efficiency and effectiveness in the provision of healthcare, and governmental healthcare cost containment efforts.

The market for professional healthcare products and services can be segregated into discrete categories, of which Arseus is currently active in the pharmaceutical compounding, dental, medical, and healthcare IT markets. Management believes these market segments have strong and stable fundamentals and attractive growth potential, and that their highly fragmented nature in Europe offers Arseus the opportunity to continue to lead the consolidation of these markets through its proven buy-and-build strategy. This strategy has enabled Arseus to capture the customer relationship and operational efficiency benefits of greater geographic reach and integrated infrastructure and back-office functions.

Arseus's business activities

Arseus is a leading provider of products and services to European healthcare professionals and institutions. The Group is active across numerous healthcare markets, including pharmaceutical compounding, dental products, medical and surgical products, and healthcare information technology. Arseus's customers span the spectrum of healthcare professionals, including pharmacists, dentists, physicians, nurses, hospitals, elderly care homes, and many others. As of 30 June 2007, Arseus had 1,354 employees in eight European countries, including Belgium, the

Netherlands, Germany, France, Italy, Spain, Switzerland and the UK, and the Group markets certain of its products in three additional countries, Austria, Luxembourg and Portugal. In 2006, the Group achieved sales of €277.0 million, EBITDA before non-recurring items of €33.0 million and EBIT before non-recurring items of €26.3 million. For the first half of 2007, it achieved sales of €145.9 million, EBITDA before non-recurring items of €17.4 million and EBIT before non-recurring items of €14.3 million.

Arseus is a leading player in the European pharmaceutical compounding market and is also leading the consolidation of this highly fragmented €2.0 billion market[1]. The Group's pharmaceutical compounding division, Fagron, develops and markets proprietary pharmaceutical compounding formularies, markets and distributes instruments and pharmaceutical raw materials for in-pharmacy compounding, markets and distributes Fagron-branded compounded pharmaceutical and cosmetic products to pharmacies and pharmaceutical wholesalers, provides third-party compounding services to pharmacies and hospitals, and provides specialty pharmaceutical raw materials to the pharmaceutical, nutraceutical, veterinary and cosmetic industries. In 2006, Fagron comprised 34.9% of Arseus's total sales and 49.1% of Arseus's total EBITDA before non-recurring items and corporate costs. For the first half of 2007, Fagron comprised 34.9% of Arseus's total sales and 48.0% of Arseus's total EBITDA before non-recurring items and corporate costs.

Arseus Dental is a leading player in the European dental products market. Arseus Dental markets and distributes dental equipment, instruments and consumables to dentists and dental laboratories. The division also manufactures high-precision components and instruments for the dental and orthopaedic industries, both under proprietary brand names and as an OEM supplier for third parties. In 2006, Arseus Dental comprised 38.9% of Arseus's total sales and 28.7% of Arseus's total EBITDA before non-recurring items and corporate costs. For the first half of 2007, Arseus Dental comprised 39.6% of Arseus's total sales and 29.5% of Arseus's total EBITDA before non-recurring items and corporate costs.

Arseus Medical is a leading marketer and distributor of a wide variety of medical, surgical, hospital and other healthcare products. In 2006, Arseus Medical comprised 17.1% of Arseus's total sales and 5.4% of Arseus's total EBITDA before non-recurring items and corporate costs. For the first half of 2007, Arseus Medical comprised 17.0% of Arseus's total sales and 6.8% of Arseus's total EBITDA before non-recurring items and corporate costs.

Arseus's healthcare IT business, Corilus, develops proprietary customised IT solutions targeted at numerous different healthcare professional groups, including pharmacists, physicians, dentists, veterinarians, elderly care homes, nurses, ophthalmologists, opticians and physiotherapists, among others. Corilus markets, installs and services its integrated IT solutions, comprising proprietary software together with complementary hardware. In 2006, Corilus comprised 9.1% of Arseus's total sales and 16.8% of Arseus's total EBITDA before non-recurring items and corporate costs. For the first half of 2007, Corilus comprised 8.5% of Arseus's total sales and 15.7% of Arseus's total EBITDA before non-recurring items and corporate costs.

Competitive strengths

Management believes that numerous factors differentiate Arseus from its competitors and provide competitive advantages, including the following key attributes:

- Leadership across multiple professional healthcare markets in multiple countries
- Focus on high quality products and services
- Focus on innovation
- Track record as a consolidator
- Experienced and proven management

[1] According to the European Federation of Pharmaceutical Industries and Associations (EFPIA), the European pharmaceutical market totalled approximately €197.0 billion in 2006. Management believes that pharmaceutical compounding comprises approximately 1.0% of the European pharmaceutical market by value, implying a European pharmaceutical compounding market of approximately €2.0 billion at retail prices. Also see Section 6.6.1.

Strategy

Arseus aims to achieve sustainable growth by maintaining and extending its leadership of selected segments of the professional healthcare market on a pan-European basis, with a focus on providing solutions to its customers that allow them to focus on providing optimal patient care. Arseus's key strategies to help achieve this goal include the following:

- Focus on providing total solutions
- Leverage established presence in multiple market segments
- Buy-and-build strategy
- Geographic expansion to become a pan-European market leader
- Development of proprietary branded products

SUMMARY OF THE OFFERING

Issuer	Arseus NV, a limited liability company organised and existing under Belgian law, with registered office at Textielstraat 24 in 8790 Waregem (Belgium), and registered with the register of legal entities under company number 0890.535.026 and Issuer of the Shares.
Arseus or the Group	Arseus NV and its subsidiaries, assuming the completion of the Contribution in Kind (as defined below).
Selling Shareholder or Omega Pharma	Omega Pharma, a limited liability company organised and existing under Belgian law, with registered office on Venecoweg 26 in 9810 Nazareth (Belgium), and registered with the register of legal entities under company number 0431.676.229.
Offering	The Offering consists of: (i) a public offering in Belgium; and (ii) a private placement to institutional investors in Belgium, as well as elsewhere in the European Economic Area and Switzerland.
Shares	The shares in the Issuer as outstanding from time to time.
Existing Shares	The 25,000,000 Shares that are outstanding just prior to the Offering.
New Shares	Up to 6,000,000 Shares with VVPR strips that are expected to be offered and issued in the Offering.
VVPR strips	VVPR strips entitle certain holders to a reduced Belgian withholding tax rate (15% against the usual 25% rate) on dividends. The Joint Global Coordinators will use reasonable efforts to deliver the New Shares (with VVPR strips) to individual persons residing in Belgium and to investors subject to Belgian tax on such legal entities (*rechtspersonenbelasting*), in this order of priority. The VVPR strips will be separately tradable on Eurolist by Euronext Brussels.
Shares Offered	Up to (i) 6,000,000 New Shares (with VVPR strips) to be offered and issued by the Issuer, plus (ii) up to 17,500,000 Existing Shares offered by the Selling Shareholder.
Priority Shares	Up to 13,101,399 Shares (Existing Shares and New Shares alike) which are reserved for the Priority Tranche.
Priority Tranche	The portion of the Offering consisting of the Priority Shares that will be reserved for the holders of Coupons No. 10 of Omega Pharma shares. Such holders (i) will have the right to subscribe to two Priority Shares for every four Coupons No. 10, and (ii) will receive, for every two Priority Shares subscribed for in the Priority Tranche, one free Offering Warrant, as further described in Section 2.5.1. The right to participate in the Priority Tranche will not be separately tradable. The Priority Shares which have not been subscribed for in the context of the Priority Tranche, will be added to the Open Tranche and may be allocated in the context of the Open Tranche.
Coupon No. 10	The paper Coupon Number 10 that is physically attached to the Omega Pharma bearer shares and that will serve as evidence for the holders of Omega Pharma bearer shares to participate in the Priority Tranche. Coupons No. 10 will not be listed and will lapse without value at the time of the expected end of the Offering Period which is expected to end at 3 October 2007 unless early closing of the transaction.

	In relation to those Omega Pharma shares that are not bearer shares, the Issuer will issue certificates representing the equivalent of such Coupons No. 10. In case such Coupons No. 10 are held in a securities account, the subscriber must transfer the Coupons No. 10 or allow to transfer the securities to the account of the arranging bank. Also see Section 2.5.4.2.
Couckinvest Shares	3,712,373 Existing Shares, corresponding to Couckinvest's pro-rata entitlement to the Priority Shares, that will be allocated to Couckinvest following the exercise of its right to participate in the Priority Tranche.
Couckinvest	Couckinvest, a limited liability company organised under the laws of Belgium, with registered office at Waregemstraat 26 in 8570 Vichte (Belgium), registered with the Register for legal entities under number 0439.658.834.
Open Tranche	The portion of the Offering consisting of up to 10,398,601 Shares (Existing Shares and New Shares alike) that is not subject to the Priority Tranche and that is open to all investors, and that can be increased by those Priority Shares not subscribed for in the context of the Priority Tranche.
Offering Warrants	The warrants that will be offered and issued for free to Coupons No. 10 holders in the context of the Priority Tranche. Investors holding Coupons No. 10 will receive one free Offering Warrant for every two Priority Shares subscribed for in the Priority Tranche. As a result, a maximum of 6,550,699 Offering Warrants can be issued. To the extent that the Priority Tranche is not fully subscribed for, the Offering Warrants corresponding to such unsubscribed portion of the Priority Tranche will be cancelled automatically. The Offering Warrants will be separately tradable on Eurolist by Euronext Brussels. The Offering Warrants give the right to purchase Arseus's shares at maturity date. The other features of the Offering Warrant are described further in Section 10.5.1.
Warrant Plan 1 and Warrant Plan 2	Subject to completion of the Offering, the extraordinary shareholders' meeting of the Issuer has decided on 7 September 2007 to approve the issue of 1,500,000 warrants under two separate warrant plans (Warrant Plan 1 for employees of Arseus and Warrant Plan 2 for the directors, managers and consultants of Arseus), of which 1,250,000 warrants will be granted on the Closing Date.
Over-allotment Shares	Up to 2,968,144 Existing Shares covered by the Over-allotment Option corresponding to a maximum of 15% of the aggregate number of Shares sold in the Offering, excluding the Couckinvest Shares.
Over-allotment Option	The option granted by the Selling Shareholder to the Joint Global Coordinators in relation to the Over-allotment Shares, exercisable from time to time on or before the 30th day after the Listing Date, for the sole purpose of allowing the Joint Global Coordinators to cover over-allotments, if any.
Offering Period	The Offering Period will start on 21 September 2007, and is expected to close on 3 October 2007 at 4.00 PM (Brussels time), subject to early closing. The Joint Global Coordinators, in agreement with the Issuer and the Selling Shareholder, reserve the right to close the Offering Period at an earlier date and time. Any early closure of the Offering Period will be announced in the Belgian financial press and on the website of the Issuer and Omega Pharma. The Offering Period will in any event be open for at least six trading days as of the availability of

	this Prospectus. The Offering Period for retail and institutional investors will be identical.
Offer Price Range and Offer Price	The Offer Price will be a single price in euro that will apply to all investors, whether retail or institutional. The Offer Price will be determined within the Offer Price Range that will be announced in the Belgian financial press and on the website of the Issuer and Omega Pharma on or around 21 September 2007. The Issuer and the Selling Shareholder will determine, in agreement with the Joint Global Coordinators, the Offer Price on the basis of a book-building procedure, in which only institutional investors can participate.
Allocation Date and Allocation	The Offer Price and the final number of Shares Offered effectively allocated will be determined as soon as possible after the end of the Offering Period on the Allocation Date, which is expected to take place on 4 October 2007, subject to early closing. The final total number of Shares Offered effectively allocated and the Offer Price will be published in the Belgian financial press and on the website of the Issuer and Omega Pharma on or about 5 October 2007, which is to be the first publication day following the expected Allocation Date, subject to early closing. It is expected that no less than 20% of the Shares Offered effectively allocated will be allocated to retail investors in Belgium. However, at the discretion of the Joint Global Coordinators in agreement with the Issuer and the Selling Shareholder (i) the proportion of those Shares Offered allocated to retail investors may be increased and possibly substantially, if applications received from them exceed 20% of those Shares Offered or, conversely, (ii) such proportion may be reduced but not below 10% (unless retail demand would be lower than 10%) if the relative demand from institutional investors at or above the Offer Price significantly exceeds that of retail investors. In the event that the Offering is oversubscribed, an investor in the Open Tranche may receive a smaller number of Shares than subscribed for, as further described in this Prospectus. The Issuer and the Joint Global Coordinators retain full discretion on the allocation of the Shares Offered, subject to the above paragraph.
Listing, Listing Date and Trading	An application has been made for the listing and admission to trading on Eurolist by Euronext Brussels and Euronext Amsterdam of all Shares, including the Shares to be issued as a result of the exercise of Warrant Plan 1, Warrant Plan 2 and the Offering Warrants as further described in Section 10.5.2. An application has also been made for the listing and admission to trading of the VVPR strips and of the Offering Warrants on Eurolist by Euronext Brussels. Trading of all Shares, VVPR strips and Offering Warrants will commence on the Listing Date, expected to be on or about 5 October 2007, being the first trading day following the Allocation Date, but before the Closing Date on which the Shares Offered, VVPR strips and Offering Warrants are delivered to the investors. Prior to the delivery of the Shares Offered, VVPR strips and Offering Warrants, the Shares, VVPR strips and Offering Warrants will be traded on an "as if-and-when-issued-and/or-delivered" basis. Prior to the Offering, no public market existed for the Shares, VVPR strips and Offering Warrants.
Debt Receivables	The debt receivables of the Contributors vis-à-vis Lamoral Nederland B.V., amounting to €2 million, which shall be contributed to the share capital of the Issuer in the framework of the Contribution in Kind.

Contributors	The following persons and entities who shall contribute the Debt Receivables in the share capital of the Issuer in the framework of the Contribution in Kind: Medical Resources Holding SA, Karen Besserat, Mardis Holding, Lisette Maruani and Jean-Philippe Paret.
Contribution in Kind	On 7 September 2007, the extraordinary shareholders' meeting of the Issuer decided to increase the share capital of the Issuer by way of a contribution in kind of (i) all of the shares in Arseus B.V. on a share-for-share basis, and (ii) the Debt Receivables in the amount of €2 million in the capital of the Issuer, subject to the condition precedent of completion of the Offering. The shares in Arseus B.V. will be contributed into the Issuer at a value per share equal to the Offer Price.
Closing Date	The date on which the capital increase associated with the Offering will be established by two directors of the Issuer as a result of which the New Shares and the Offering Warrants will be issued. On the Closing Date, the Shares Offered are delivered to the investors. The Closing Date is expected to be on or around 9 October 2007, being the third trading day following the Allocation Date. This date will be published in the Belgian financial press and on the website of the Issuer and Omega Pharma together with the announcement of the Offer Price and the results of the Offering.
Delivery, Settlement and Payment	Payment for, and delivery of, the Shares Offered, VVPR strips and Offering Warrants is expected to take place in book-entry form against payment in immediately available funds on the Closing Date.
Share Ownership	Immediately after the Offering, approximately 24.2% and 12.0% of the then outstanding Shares will be owned by respectively the Selling Shareholder and Couckinvest, assuming all Shares Offered are effectively allocated and before the Contribution in Kind of the Debt Receivables of €2 million (see Section 10.4.2).
Use of Proceeds	The Issuer intends to use the net proceeds of the issue of the New Shares to continue to pursue its buy-and-build strategy, to drive its geographic expansion to become a pan-European market leader and to strengthen its financial structure (see Chapter 3).
Cost of Remuneration and Intermediaries	The aggregate of the administrative, legal and audit costs as well as the costs of publications, printing of this Prospectus and the remuneration of the CBFA, are expected to amount to €2,200,000. Additionally, costs of advisors, management, underwriting and selling fees of the Underwriters and the fees payable to Euronext Brussels and Euronext Amsterdam are expected to be approximately 2.80% of the Offering (assuming the Over-allotment Option is fully exercised and a discretionary fee of 0.65% is taken into account). The costs of the sale of Existing Shares will be borne by the Selling Shareholder whereas the costs of issuing New Shares will be borne by the Issuer.
Lock-up Arrangements	The Issuer, the members of the Executive Committee, the Selling Shareholder, the Contributors and Couckinvest have agreed to lock-up arrangements, of (i) 180 days (for the Issuer, the members of the Executive Committee, the Contributors and Couckinvest) and (ii) 360 days after the Closing Date (for the Selling Shareholder, with, however, some soft lock-up restrictions for the last 180 days of this 360-day period). These lock-up arrangements relate to the prohibition to (i) issue or transfer any securities in the Issuer, or to (ii) grant any options or other rights to subscribe for, or otherwise acquire, any such securities. These lock-up arrangements are subject to certain limited exceptions, such as (i) the issue of (a) warrants in accordance with the Warrant

	Plan 1 and Warrant Plan 2, and granting of Offering Warrants, (b) Shares following the exercise of such warrants, and (c) Shares for the purpose of certain acquisitions by the Issuer, or (ii) a transfer of Shares (a) in acceptance of a public take-over bid, (b) to one or more affiliates, or (c) with the prior written consent of the Joint Global Coordinators. See Section 2.9.
Executive Committee	Mr. Gerardus van Jeveren, Mr. Jan Peeters and Mr. Frank Verbakel.
Share trading information	ISIN: BE0003874915 Security code: 3874.91 Euronext Brussels Symbol: RCUS Euronext Amsterdam Symbol: RCUSA
Offering Warrant trading information	ISIN: BE0006604087 Security code: 6604.08 Euronext Symbol: RCUSW
VVPR strip trading information	ISIN: BE0005617882 Security code: 5617.88 Euronext Symbol: RCUSS
Dividend Policy	The Issuer intends to adopt a progressive dividend policy which will take into account the profitability of the business and any underlying growth, as well as its capital requirements and cash flows, while maintaining sufficient liquidity for pursuing its buy-and-build strategy. Also see Section 4.
Prospectus	The present document, drawn up for the Offering and the Listing, and of which the English version has been approved by the CBFA on 11 September 2007.
CBFA	The Banking, Finance and Insurance Commission, Congresstraat 12-14, 1000 Brussels, Belgium.
Joint Global Coordinators and Joint Bookrunners	UBS Limited and KBC Securities.
Co-lead Managers	Bank Degroof, ING Belgium and Kempen & Co.
Underwriters	UBS Limited, KBC Securities, Bank Degroof, ING Belgium and Kempen & Co.
Listing and Paying Agent in Belgium	KBC Securities.
Listing and Paying Agent in the Netherlands	Kempen & Co.
Stabilisation Manager	UBS Limited.
Settlement Agent	KBC Securities.
Indicative timetable	
21 September 2007	Expected start of the Offering Period.
3 October 2007	Expected end of the Offering Period.
4 October 2007 (T)	Expected Allocation Date.
5 October 2007 (T+1) *	Expected publication date of the Offer Price and the Allocation.
5 October 2007 (T+1)	Expected Listing Date (i.e. admission to listing and start of conditional trading).
9 October 2007 (T+3)	Expected Closing Date (i.e. payment, settlement and delivery).

General timetable (in the event of an early closing of the Offering)	Early closing of the Offering Period will be announced by a press release in the Belgian financial press and on the website of the Issuer and Omega Pharma (together with any related revision of the expected Allocation Date, Listing Date and Closing Date) at the latest one trading day after such early closure. In the event of early closure of the Offering Period, the revised expected Allocation Date, Listing Date and Closing Date would be as follows:
T — 1 or before	Revised expected end of the Offering Period.
T	Revised expected Allocation Date.
T + 1*	Revised expected publication date of the Offer Price and the Allocation.
T + 1	Revised expected Listing Date.
T + 3	Revised expected Closing Date.

** If publication occurs on a Saturday, then listing will take place the following trading day.*

Selected key financials

The tables below show selected financial information of the Group, drawn up on the basis of the International Financial Reporting Standards (IFRSs). This information is based on the combined financial statements of the Group as of 30 June 2007 and 30 June 2006 and for the six month periods then ended, and the combined financial statements of the Group as of 31 December 2006, 31 December 2005 and 31 December 2004 and the fiscal years then ended, which are included elsewhere in this Prospectus.

Combined income statement of the Group

	Six months ending		Twelve months ending		
	30.06.2007	30.06.2006	31.12.2006	31.12.2005	31.12.2004
	(in € thousands except growth and margins)				
Sales	145,870	133,164	276,971	283,248	283,284
Sales growth	*9.5%*	*n/a*	*(2.2)%*	*0.0%*	*n/a*
Gross profit *	68,278	63,221	130,735	128,977	123,232
Gross margin	*46.8%*	*47.5%*	*47.2%*	*45.5%*	*43.5%*
EBITDA before non-recurring items and corporate costs	19,174	16,610	35,881	36,769	33,913
EBITDA margin	*13.1%*	*12.5%*	*13.0%*	*13.0%*	*12.0%*
EBIT before non-recurring items	14,340	*12,980*	26,294	29,753	28,250
EBIT margin	*9.8%*	*9.7%*	*9.5%*	*10.5%*	*10.0%*

* Gross profit = Sales — trade goods — change in inventories of finished goods and work in progress

Combined balance sheet of the Group

	30.06.2007	%	30.06.2006	%	31.12.2006	%	31.12.2005	%	31.12.2004	%
					(in € thousands)					
Intangible assets	147,629	***48.9***	133,794	***49.6***	145,656	*51.0*	132,610	*48.7*	127,997	*46.9*
Property, plant & equipment	19,480	***6.5***	16,375	*6.1*	16,397	*5.7*	16,844	*6.2*	16,287	*6.0*
Financial assets	255	***0.1***	255	*0.1*	255	*0.1*	2,195	*0.8*	2,208	*0.8*
Deferred tax assets	11,400	***3.8***	8,150	*3.0*	10,037	*3.5*	7,530	*2.8*	5,188	*1.9*
Other non current assets	729	***0.2***	572	*0.2*	667	*0.2*	627	*0.2*	668	*0.2*
Non-current assets	**179,493**	***59.5***	**159,146**	***59.0***	**173,012**	***60.6***	**159,806**	***58.7***	**152,347**	***55.8***
Inventories	54,986	***18.2***	55,198	*20.5*	50,062	*17.5*	51,438	*18.9*	56,020	*20.5*
Trade receivables	52,934	***17.5***	44,513	*16.5*	48,759	*17.1*	48,178	*17.7*	51,536	*18.9*
Cash and cash equivalents	3,029	***1.0***	4,744	*1.8*	2,532	*0.9*	4,707	*1.7*	5,072	*1.9*
Other current assets	11,324	***3.8***	6,021	*2.2*	11,093	*3.9*	7,909	*2.9*	8,219	*3.0*
Current assets	**122,273**	***40.5***	**110,476**	***41.0***	**112,446**	***39.4***	**112,232**	***41.3***	**120,847**	***44.2***
TOTAL ASSETS	**301,766**	***100.0***	**269,622**	***100.0***	**285,458**	***100.0***	**272,038**	***100.0***	**273,194**	***100.0***
Equity	**102,272**	***33.9***	**91,166**	***33.8***	**94,882**	***33.2***	**82,867**	***30.5***	**102,540**	***37.5***
Provisions	912	***0.3***	2,631	*1.0*	1,296	*0.5*	2,800	*1.0*	2,664	*1.0*
Pension obligations	2,158	***0.7***	2,754	*1.0*	2,349	*0.8*	4,471	*1.6*	4,676	*1.7*
Deferred tax liabilities	2,527	***0.8***	2,308	*0.9*	2,423	*0.8*	2,112	*0.8*	1,884	*0.7*
Borrowings	53,232	***17.6***	5,316	*2.0*	52,088	*18.2*	5,735	*2.1*	17,907	*6.6*
Other non current liabilities	0	***0.0***	33	*0.0*	0	*0.0*	35	*0.0*	65	*0.0*
Non-current liabilities	**58,829**	***19.5***	**13,042**	***4.8***	**58,157**	***20.4***	**15,153**	***5.6***	**27,196**	***10.0***
Borrowings	56,299	***18.7***	97,493	*36.2*	53,618	*18.8*	100,160	*36.8*	75,856	*27.8*
Trade payables	57,186	***19.0***	38,382	*14.2*	49,525	*17.3*	49,058	*18.0*	46,159	*16.9*
Taxes, remunerations & social security	19,448	***6.4***	16,811	*6.2*	19,058	*6.7*	15,861	*5.8*	14,839	*5.4*
Other current payables	7,732	***2.6***	12,728	*4.7*	10,219	*3.6*	8,939	*3.3*	6,604	*2.4*
Current liabilities	**140,665**	***46.6***	**165,414**	***61.4***	**132,419**	*46.4*	**174,019**	***64.0***	**143,458**	***52.5***
TOTAL EQUITY & LIABILITIES	**301,766**	***100.0***	**269,622**	***100.0***	**285,458**	*100.0*	**272,038**	***100.0***	**273,194**	***100.0***

Combined cash flow statement of the Group

	Six months ending		Twelve months ending		
	30.06.2007	30.06.2006	31.12.2006	31.12.2005	31.12.2004
			(in € thousands)		
Profit before income tax	9,247	10,249	14,611	19,808	20,644
Taxes paid	(1,284)	(3,541)	(4,627)	(6,163)	(8,833)
Total adjustments for non-cash items	6,512	3,770	6,912	11,777	9,073
Total changes in working capital	(4,900)	(7,827)	674	9,119	(11,845)
Net cash flow from operating activities	**9,576**	**2,651**	**17,570**	**34,541**	**9,038**
Capital expenditure	(7,343)	(3,376)	(7,493)	(9,051)	(11,389)
Proceeds from the sale of fixed assets	877	1,685	2,356	381	1,939
Investments in existing shareholdings (deferred payments) and in new shareholdings	(1,977)	(1,623)	(8,639)	(29,478)	(6,053)
Net cash flow from investments	**(8,443)**	**(3,314)**	**(13,776)**	**(38,148)**	**(15,503)**
Net cash flow from financing	**(670)**	**716**	**(5,946)**	**3,248**	**2,163**
Net increase (decrease) in cash and cash equivalents	463	53	(2,152)	(359)	(4,302)
Cash and cash equivalents — start of the period	2,532	4,707	4,707	5,071	9,364
Gains or losses on exchange of liquid assets	34	(16)	(23)	(5)	9
Cash and cash equivalents — end of the period	3,029	4,744	2,532	4,707	5,071
Net increase (decrease) in cash and cash equivalents	463	53	(2,152)	(359)	(4,302)

Operating and financial review

Arseus's historical results between 2004 and the first half of 2007 have been strongly influenced by two factors: the recent restructuring of Arseus's business and its history as a subsidiary of Omega Pharma.

Results of operations

Arseus reported sales of €145.9 million for the first six months of 2007 as compared with €133.2 million for the first six months of 2006. This 9.5% increase was largely a result of strong organic growth of Arseus Dental driven by product portfolio diversification and increased penetration of new geographic markets complemented by the impact of acquisitions made during the second half of 2006; strong organic growth of Fagron driven by implementation of initiatives to better coordinate the pharmaceutical raw material offering to industry clients supported by the continued roll-out of the Fagron brand and third party compounding services in new markets; and the turnaround of Arseus Medical including the impact of new profitable distribution agreements.

Arseus reported sales of €277.0 million in 2006 as compared with €283.2 million in 2005 and €283.3 in 2004. Arseus's decrease in sales between 2004 and 2006 was largely a result of the restructuring and reorientation initiatives implemented in 2006 following a flat sales evolution between 2004 and 2005. The merits of this restructuring exercise can already be seen in the results for the first six months of 2007.

Gross margin was 46.8% for the first six months of 2007 as compared with 47.5% for the same period in 2006. This decrease was largely due to the impact of the disposal of selected dental consumables product lines, lower levels of work-in-progress in Hader and hardware price erosion in Corilus. This was partly offset by a slight gross margin increase in Fagron and a significant gross margin improvement in Arseus Medical.

Gross margin was 47.2% in 2006 as compared with 45.5% in 2005 and 43.5% in 2004. This increase was largely due to the reorientation of Arseus's product portfolio towards more value-added products and services such as third party compounding in Fagron, increased focus on equipment sales and high-precision component manufacturing in Arseus Dental, as well as the termination of unprofitable distribution agreements in Arseus Medical in 2006. This was partly offset by hardware price erosion in Corilus.

Arseus had EBITDA before non-recurring items and corporate costs of €19.2 million for the first six months of 2007, representing a margin of 13.1% of sales, as compared with €16.6 million for the same period in 2006, representing a margin of 12.5% of sales.

In 2006, Arseus had EBITDA before non-recurring items and corporate costs of €35.9 million, representing a margin of 13.0% of sales, as compared with €36.8 million (13.0% of sales) in 2005 and €33.9 million (12.0% of sales) in 2004.

Arseus reported EBIT before non-recurring items of €14.3 million for the first six months of 2007, representing a margin of 9.8% of sales, as compared with €13.0 million for the same period in 2006, representing a margin of 9.7% of sales. This limited margin increase compared to the EBITDA before non-recurring items was largely due to increased depreciation and amortization as a result of higher capitalised software development costs for Corilus and higher corporate costs as a result of a further allocation of Omega Pharma corporate costs to Arseus.

In 2006, Arseus had EBIT before non-recurring items of €26.3 million, representing a margin of 9.5% of sales, as compared with €29.8 million (10.5% of sales) in 2005 and €28.3 million (10.0% of sales) in 2004.

Balance sheet

Over the period between 2004 and the first half year of 2007, Arseus's non-current assets mainly comprised of intangible assets. Approximately 45% of non-current assets relate to goodwill on acquired companies, which is a result of the Group's buy-and-build strategy that has been deployed since 1998 and which is expected to continue for the coming years.

Over the period from 2004 to 2006, Arseus's non-current and current borrowings evolved from €93.8 million in 2004 to €105.7 million in 2006. In the first half of 2007, non-current and current borrowings increased to €109.5 million. Over 90% of this financial debt comprises loans from Omega Pharma on terms that management believes are consistent with market conditions, which loans will be refinanced by financial institutions at completion of the Offering.

Cash flow statement

Arseus's net cash flow from operating activities almost halved from 2005 to 2006 but remained almost double of the operational cash flow of 2004 reflecting the positive impact of the restructuring process started in 2005. This was confirmed by the €9.6 million cash flow from operating activities reported for the first half of 2007, a strong increase compared to the same period in 2006.

The net cash position of Arseus decreased every year from 2004 to 2006. In 2005 the cash flow from operations and financing was not sufficient to cover the investments in 2005, whereas in 2006 the cash flow used in financing and investing activities was slightly higher than the cash flow from operations.

Risk factors

An investment in the Shares Offered involves certain risks that relate to the Group, its activities, and the Offering, as described in the Section "Risk Factors" hereinafter. Before investing in the Shares Offered, prospective investors should consider, in combination with the other information provided in this Prospectus, all factors and risks associated with investing in the Shares, including, but not limited to, the following risks:

Risks related to the Group's business, including:

- Acquisitions could have a material adverse effect on the business of Arseus;
- Inventory related risks could have a material adverse effect on the business of Arseus;
- Changes in legal and regulatory frameworks governing Arseus's operations could have a material adverse effect on the business of Arseus;
- Changes in governments', authorities', insurers' and other parties' reimbursement policies could have a material adverse effect on the business of Arseus;
- Market price fluctuations could have a material adverse effect on the business of Arseus;
- Arseus is reliant on third parties for its further development;
- The diversity of its activities could have a material adverse effect on the business of Arseus;
- Failure to attract and retain skilled personnel and management could have a material adverse effect on the business of Arseus;
- Product liability claims involving products manufactured or serviced by Arseus could have a material adverse effect on its business;

- Product liability and equipment delivery could have a material adverse effect on the business of Arseus;
- The operational involvement of the Executive Committee could have a material adverse effect on the business of Arseus;
- Disturbances in its information systems could have a material adverse effect on the business of Arseus;
- Unauthorised third party use of Arseus's intellectual property could have a material adverse effect on its business;
- The potential infringement of the patents or intellectual property rights of others could have a material adverse effect on the business of Arseus;
- It is important for Arseus to keep abreast of technological developments;
- Arseus operates in highly competitive markets;
- Changes in strategy of market participants could have a material adverse effect on the business of Arseus;
- Increased competition and consolidation in the healthcare equipment sector could have a material adverse effect on the business of Arseus;
- Changes in commercial success or acceptance of its products could have a material adverse effect on the business of Arseus;
- Inadequate pace of innovation within Arseus could have a material adverse effect on the business;
- Changes in the awareness of its brands could have a material adverse effect on the business of Arseus;
- The cyclical nature and seasonality of the business operations could have a material adverse effect on the business of Arseus;
- Uncertainty of market projections could have a material adverse effect on the business of Arseus; and
- Changes in the environmental and safety regulation governing Arseus's operations could have a material adverse effect on the business of Arseus.

These and other risks relating to Arseus and relating to the Offering are described in the Section "Risk Factors".

Corporate information

Capital

Prior to the Offering, the Issuer's share capital amounted to €61,500, represented by 100 ordinary Shares without nominal value and fully paid-up. Also see Section 10.4.1.

Articles of association

The articles of association have been amended by the Issuer's extraordinary shareholders' meeting and will enter into force upon, and subject to, completion of the Offering on the Closing Date. These articles of association will provide for, amongst other matters, specific rules relating to the management of Arseus, the board of directors and the shareholders' meeting. Also see Sections 10.2 and 10.4.

Information available to the public

Documents disclosed in accordance with applicable laws are available for consultation at the registered office of the Issuer and/or on the Issuer's website: *www.arseus.com.*

RISK FACTORS

An investment in the Shares Offered involves substantial risks. You should carefully consider the following information about certain of these risks, together with the information contained in this Prospectus, before deciding to subscribe for the Shares Offered. If any of the following risks actually occurs, the Issuer's business, results of operations, financial condition and prospects could be adversely affected. In that case, the trading price of the Shares could decline and subscribers for the Shares Offered could lose all or part of their investment. An investment in the Shares Offered is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. Prospective investors should carefully review this entire Prospectus and should reach their own views and decisions on the merits and risks of investing in the Shares Offered in light of their own personal circumstances. Furthermore, investors should consult their financial, legal and tax advisors to carefully review the risks associated with an investment in the Shares Offered.

The risks and uncertainties that the Issuer believes to be material are described below. However, these risks and uncertainties may not be the only ones faced by the Issuer and are not intended to be presented in any assumed order of priority. Additional risks and uncertainties, including those currently unknown, or deemed immaterial, could have the effects set forth above.

Risks related to the Group's business

Acquisitions could have a material adverse effect on the business of Arseus

Since its IPO in 1998, Omega Pharma has acquired multiple companies in the professional healthcare market. Acquisitions have been and are likely to remain an important part of Arseus's growth strategy. Given this acquisitive strategy, there is a risk that corporate cultures do not match, expected synergies are not fully realised, restructurings prove to be more costly than initially anticipated or acquired companies prove to be more difficult to integrate than foreseen.

Furthermore, as Arseus grows through acquisitions, it may have to recruit additional personnel and improve its managerial, operational and financial systems. If Arseus fails to address these challenges, this could adversely impact its business operations, financial position, prospects and/or operational results.

Given the importance of its buy-and-build strategy, the absence of any acceptable targets or the refusal of certain identified targets to dispose of their business and to consequently transfer them to Arseus, would have an adverse effect on Arseus's business operations, financial position and/or operational results. Additionally, Arseus might experience competition in acquiring companies from its competitors that also aim to acquire the same companies. This competition might increase the prices Arseus has to pay for such acquisitions and might thus have an impact on Arseus's financial position and/or operational results.

Arseus's buy-and-build strategy requires in many cases subsequent restructurings in order to align the acquired companies within the Arseus group. Arseus or its affiliated companies have not applied for official tax rulings in relation to its restructurings or transactions entered into in connection with or prior to the completion of restructurings and may not apply for such tax rulings in the future. As the tax statute of limitations has not yet expired, the tax authorities can still investigate these restructurings. There is no guarantee that such investigations will be without negative financial effect on the Issuer and its affiliated companies.

Inventory related risks could have a material adverse effect on the business of Arseus

Distributors of healthcare products generally bear the responsibility for the saleability of their inventories. Given that Arseus imports and stores a very large number of product items, including products having a short storage life as well as technical equipment and supplies, the emergence of a disruptive technology, a sudden change in market prices or a change in customer preferences may lead to the need to write down part of the inventory. An inventory-related risk of this kind might have an adverse effect on Arseus's business operations, financial position and/or operational results.

Changes in legal and regulatory frameworks governing Arseus's operations could have a material adverse effect on the business of Arseus

The professional healthcare sector is subject to close regulatory control on both a national and European level. Although Arseus has well-defined operational rules and principles to ensure that regulations of the national and European authorities are observed, risks connected with the legislation in force or the regulatory regime, should

they materialise, might have an adverse effect on Arseus's business operations, prospects, financial position and/or operational results.

Although Arseus does not believe governmental regulation has had an adverse effect on its business operations, prospects, financial position and/or operational results to date, it is possible that, if regulations governing the operations of Arseus, or of its key suppliers, it will experience the effects of increased or modified regulation in the future.

Arseus's pharmaceutical compounding business is highly dependent on the ability of pharmacists in the European Union to compound and dispense pharmaceutical products without those products being subject to regulatory approval. If regulations changed to hinder or disallow these activities by pharmacists, Arseus's business operations, financial position, prospects and/or operational results could be materially adversely affected.

Changes in governments', authorities', insurers' and other parties' reimbursement policies could have a material adverse effect on the business of Arseus

The commercial success of Arseus's business depends, in part, on the extent to which reimbursement for its products is available from government and health administration authorities, private health insurers and other third-party payers in countries where the products are marketed.

Significant uncertainties exist regarding the reimbursement status of newly compounded products and novel medical equipment. Reimbursement levels for compounded products may be reduced given the increasing pressure from governments and other third-party payers to limit healthcare expenditure. If any such reductions in reimbursement levels materialise, they could have a materially adverse effect on Arseus's business operations, financial position, prospects and/or operational results.

Market price fluctuations could have a material adverse effect on the business of Arseus

The future profitability of Arseus is determined in part by the purchase prices for raw materials, components, investment goods and for operating expenses such as transportation costs, as well as by the selling prices that it is able to achieve for its products and services. A material fluctuation of the market prices of any such items may have a materially adverse effect on Arseus's business operations, financial position, prospects and/or operational results.

Arseus is reliant on third parties for its further development

Arseus relies on current and future relationships with its customers and suppliers, sometimes on an exclusive basis, for the growth of its business and will therefore continue to be reliant on third parties for its further development. There can be no assurance that Arseus will be able to maintain and/or secure such partnerships due to operational, legal, regulatory or other reasons, or that Arseus's partners will continue to commit sufficient resources to achieve commercial success. There is no guarantee that Arseus would be able to replace any material customer or supplier in a timely manner, or at all, in the event any of these relationships are discontinued or terminated. The loss of such relationships, especially to competitors, may materially adversely affect the business operations, financial position, prospects and/or operational results of Arseus.

The diversity of its activities could have a material adverse effect on the business of Arseus

Arseus's activities are diversified at numerous levels: geographically, by activity, with regard to degree of innovation, and with respect to target customer groups.

The current main activities of Arseus are set out in Chapter 6. These diverse activities are performed by the respective subsidiaries of the Group and consequently the financial results of the business units can differ to a material degree, which may have an effect on the combined results of Arseus. The diversity of Arseus's activities may disperse the attention of the Executive Committee in a manner that results in Arseus missing and/or failing to act on key market trends, technological changes and other factors that could impact the performance of the business.

Failure to attract and retain skilled personnel and management could have a material adverse effect on the business of Arseus

Arseus's success will largely depend on its ability to attract and retain skilled personnel and management with a strong knowledge of, and affinity to, the professional healthcare market. Arseus operates in a competitive employment market and there can thus be no assurance that it will be able to retain its key personnel. Arseus's success will also continue to depend on its ability to retain Gerardus van Jeveren, Jan Peeters and Frank Verbakel, and other key personnel with a broad experience in the professional healthcare market and a strong dedication to the

realisation of Arseus's strategy. The failure to retain these individuals could materially adversely affect Arseus's business operations, financial position, prospects and/or operational results.

Product liability claims involving products manufactured or serviced by Arseus could have a material adverse effect on its business

Arseus's pharmaceutical compounding business is subject to potential product liability risks that are inherent in the manufacture, distribution and dispensing of pharmaceutical products. The Group's pharmaceutical raw material products carry potential product liability related to their quality and labelling. The Group's compounded pharmaceutical products are not subject to regulatory approval prior to marketing and have not had to satisfy any regulatory requirements demonstrating their safety for use in humans.

Arseus's dental and orthopaedic manufacturing business is subject to potential product liability risks that are inherent in the design, development, manufacture and marketing of medical devices. These products are often used in surgical settings and some of these products are designed to be implanted in the human body for long periods of time.

Arseus provides maintenance and repair services for medical and dental equipment. If a product maintained or serviced by Arseus should break or fail causing injury, Arseus could be subject to a liability claim.

It cannot be guaranteed that Arseus will not be subject to any such claims in the future. If Arseus's product liability insurance coverage is insufficient to cover any successful such product liability claims, its business operations, financial position, prospects and/or operational results could be materially adversely affected.

Product liability and equipment delivery could have a material adverse effect on the business of Arseus

Arseus's operations involve product liability because Arseus markets a number of products under its own trademarks in its area of operations and/or outsources the manufacturing of these products as a brand owner. In addition, Arseus imports products from outside the EU area. In supplying equipment, the equipment is delivered to the customer, installed ready for operation, and as a rule Arseus is responsible for carrying out the installation work. By working in collaboration with customers and suppliers, Arseus seeks to avoid the risks connected with these functions. Compared to the volume of goods delivered by Arseus, the risk is comparatively minor. There can, however, be no guarantees that if risks connected with product liability and equipment deliveries materialise, this might not have an adverse effect on Arseus's business operations, financial position, prospects and/or operational results.

The operational involvement of the Executive Committee could have a material adverse effect on the business of Arseus

In addition to the management of Arseus, members of the Executive Committee have large operational responsibilities at the divisional level. The operational responsibilities of the Executive Committee may distract from their executive management responsibilities relating to determining the broader strategic direction of Arseus. This could materially adversely affect Arseus's business operations, financial position, prospects and/or operational results.

Disturbances in its information systems could have a material adverse effect on the business of Arseus

Information systems are a central part of Arseus's business operations and the distribution and logistics services it offers. The failure of Arseus's information systems through breakdown, malicious attacks, viruses or other factors, could severely impair several aspects of operations including, but not limited to, logistics, sales, customer service and administration. Any such failure related to the operation of information systems, may have a material adverse effect on Arseus's business operations, financial position, prospects and/or operational results.

Unauthorised third party use of Arseus's intellectual property could have a material adverse effect on its business

Arseus relies on a combination of trade marks, trade names, confidentiality and non-disclosure clauses and agreements and copyrights to define and protect its rights to the intellectual property related to its products. Arseus's trademarks and brands are important factors in determining its marketing position and competitiveness. It is therefore of great importance that Arseus is able to continue using these brands and trademarks in the future and that it adequately protects all valuable intellectual property by keeping trade secrets or applying legal devices such as trademark and patent registrations.

In the event that the above devices fail to fully protect Arseus's intellectual property rights in any of its key markets, third parties (including competitors) may be able to commercialise its innovations or products or use its know-how, which could materially adversely impact Arseus's business operations, financial position, prospects and/or operational results.

The potential infringement of the patents or intellectual property rights of others could have a material adverse effect on the business of Arseus

Arseus's success will depend in part on its ability to operate without infringing on, or misappropriating, the proprietary rights of others. Arseus cannot guarantee that, unintentionally, its activities, or those of its licensors, will not occasionally infringe on the patents owned by others. Arseus may spend significant time and effort and may incur significant litigation costs if it is required to defend itself against intellectual property rights suits brought against Arseus or its licensors, regardless of whether the claims have any merit. If Arseus is found to infringe on the patents or other intellectual property rights of others, it may be subject to substantial claims for damages, which could materially impact the Group's cash flow, business operations, financial position, prospects and/or operational results. The Group may also be required to cease development, use or sale of the relevant products or processes or it may be required to obtain a license on the disputed rights, which may not be available on commercially reasonable terms, if at all.

Arseus operates in highly competitive markets

The professional healthcare market is characterised by strong competition, which is further influenced by an increasing consolidation trend. Arseus competes with other companies based on several factors, including knowledge of and access to these new technologies, the ability to introduce and implement new products with enhanced functionality, the completeness and/or connectivity of solutions offered, reputation and vision, geographic presence, distribution network strength and pricing. Arseus's success depends on its ability to establish a competitive position with respect to all these factors. There can be no assurance that Arseus's competitors will not succeed in developing and introducing a distribution network that is less costly or more efficient than Arseus's, or that customers will not prefer solutions, technologies or products offered by Arseus's competitors.

It is important for Arseus to keep abreast of technological developments

Rapid technological progress and complexity characterise the professional healthcare market. The industry is strongly influenced by the introduction of new technologies. Arseus's success depends on its ability to introduce and implement new products with enhanced functionality. If Arseus fails to develop and introduce new technologies or products, its business operations, financial position, prospects and/or operational results could be materially adversely affected.

Changes in strategy of market participants could have a material adverse effect on the business of Arseus

It is possible that Arseus's contracting parties, customers and other market participants may change their operational model in a way that affects Arseus's operations. Such changes can be, for example, a decision by contracting parties to take over the sales and distribution of a product, or wider cooperation or consolidation among customers such as hospitals with concomitant effects on purchasing behaviour. A further risk is the possibility that present customers may decide to backward integrate along the value chain, thereby competing directly with Arseus and reducing their demand for Arseus's products. Similarly, new competitors may enter the market. There are no guarantees that changes in the strategy of market participants might not have a material adverse effect on Arseus's business operations, financial position, prospects and/or operational results.

Increased competition and consolidation in the healthcare equipment sector could have a material adverse effect on the business of Arseus

Over the past years, the healthcare equipment sector has undergone significant consolidation and the largest companies have gained a greater share of the overall market. This has an impact on the operations of healthcare distributors as it increases their dependency on individual manufacturers and often leads to a decrease in distribution profit margins. This consolidation and the resulting increased competition may have a material adverse effect on Arseus's business operations, financial position, prospects and/or operational results.

Changes in commercial success or acceptance of its products could have a material adverse effect on the business of Arseus

Arseus's products are targeted at conditions for which a number of marketed products already exist and where other companies also have new products in development. Arseus's products may experience competition from the products of other companies that have greater research, development, marketing, financial and/or human resources than Arseus.

Market acceptance of Arseus's products will largely depend on its ability to demonstrate their relative safety, efficacy, cost-effectiveness and/or ease of use, and the level of customer service provided. There is no guarantee that the Group's products and services will achieve the level of commercial success envisaged. In the event that such success is not achieved, there could be a material adverse effect on the Group's business operations, financial position, prospectus and/or operational results.

Inadequate pace of innovation within Arseus could have a material adverse effect on its business

Arseus depends on a regular flow of innovative ideas to create novel products and services that enable it to grow and maintain sales and market share in its markets. In the event that Arseus is unable to maintain a high pace of innovation and thereby fails to create the innovative solutions required to meet the needs of the professional healthcare market, its business operations, financial position, prospects and/or operational results could be, materially adversely affected.

Changes in the awareness of its brands could have a material adverse effect on the business of Arseus

An important part of Arseus's strategy is to continue to establish a clear and consistent brand identity for all its markets. Establishing and strengthening its brands will depend on its success in providing high-quality products and services that are favourably received by its customers.

If Arseus fails to increase awareness of its brands or strengthen its reputation for providing high-quality products and services, or any other factor negatively affects its reputation or its brand image, its business operations, financial position, prospects and/or operational results could be materially adversely affected.

The cyclical nature and seasonality of the business operations could have a material adverse effect on the business of Arseus, its financial position and/or its operational results

The business operations, financial position and/or operational results of Arseus can fluctuate from year to year and from quarter to quarter. To some extent, the purchase decision for investment goods, often involving relatively large sums of money for the customers, is related to the general economic climate. The introduction of new government measures in the field of healthcare reimbursement may also affect the timing of customers' purchase decision. For dental equipment in particular, experience has demonstrated a seasonal effect, with purchase decisions skewed towards the fourth quarter within any given year, and even more highly skewed towards the fourth quarter in every second year, as major dental trade fairs are scheduled in this quarter on a biannual basis. Since the purchase decisions for dental and medical equipment are often the result of a tender procedure, the exact timing of such purchase decisions is not always evenly spread across individual reporting quarters.

Specific economic developments and events, both on a micro and a macro level, may significantly impact the business operations, financial position, prospects and/or operational results of the Group.

Uncertainty of market projections could have a material adverse effect on the business of Arseus

The Group makes use of professional and independent market research for forecasting future technological developments as well as for forecasting the evolution of supply and demand for its products and services and the price evolution of the market. Based on this information, and on its knowledge of the market, an estimate is made based on which appropriate business plans for the Group are developed. To the extent that the prognoses included in the business plans do not materialise, this could have a material adverse effect on the Group's business operations, financial position, prospects and/or operational results.

Changes in the environmental and safety regulations governing Arseus's operations, could have a material adverse effect on Arseus's business

The Group's operations are subject to environmental and safety laws and regulations, including those governing the use of hazardous materials. The cost of compliance with these and similar future regulations could be substantial.

Risks related to the Offering

Absence of a liquid public market for the Shares, Offering Warrants and VVPR strips could have a material adverse effect on the price of such securities

Prior to the Offering, there has been no public market for the Shares, Offering Warrants and VVPR strips. The Issuer has applied for admission to listing and trading the Shares, Offering Warrants and VVPR strips on Euronext Brussels and, the Shares only, on Eurolist by Euronext Amsterdam, and the Issuer expects listing and trading of the Shares, Offering Warrants and VVPR strips on these exchanges to commence on or about 5 October 2007. Any delay in the commencement of trading in the Shares, Offering Warrants and VVPR strips on Euronext will delay the development of an active liquid market for the Shares, Offering Warrants and VVPR strips, making trading in the Shares, Offering Warrants and VVPR strips more difficult for holders of these securities. In addition, the Issuer cannot predict the extent to which a trading market will develop or be sustained after the Shares, Offering Warrants and VVPR strips are listed on Eurolist by Euronext Brussels and/or Eurolist by Euronext Amsterdam, or how liquid these markets may become. If such markets fail to develop or be sustained, this could negatively affect the liquidity and price of the Shares, Offering Warrants and VVPR strips, as well as increase their price volatility. Accordingly, the Issuer cannot assure the liquidity of any such markets, the ability to sell the Shares, Offering Warrants and VVPR strips or the prices that may be obtained for the Shares, Offering Warrants and/or VVPR strips.

The Offer Price for the Shares will be determined on the basis of a book-building process within the Offer Price Range and following recommendations from the Joint Global Coordinators and may not be indicative of prices that will prevail in the trading market. The trading price of the Shares could be subject to wide fluctuations in response to numerous factors, many of which are beyond the Issuer's control. These factors include, among other things, actual or anticipated variations in the Issuer's results of operations, prospects, earnings releases by the Issuer or by its competitors, changes in financial estimates by securities analysts, market conditions in the healthcare industry, the general state of the securities markets, governmental legislation or regulation and currency and exchange rate fluctuations, occurrence of any of the risks described in this Prospectus, as well as general economic and market conditions. As a result, the Shares and VVPR strips may trade at prices significantly below the Offer Price and the Offering Warrants may trade at prices significantly below their theoretical value, regardless of the Issuer's actual operating performance.

Holders of Shares may not be able to exercise pre-emptive rights, and as a result may experience substantial dilution upon future issuances of Shares by the Issuer

Holders of Shares generally will have a pre-emptive right with respect to any issue of Shares or the granting of rights to subscribe for Shares, unless in respect of an issue of Shares pursuant to a capital increase by contribution in kind. The board of directors is authorised, within the limits of the authorised capital, to limit or declare inapplicable the preferential subscription rights granted by law to the holders of existing Shares if in doing so it is acting in the best interests of the Issuer and in accordance with Article 596 onwards of the Belgian Company Code. The board of directors is authorised to limit or declare inapplicable the preferential subscription rights in favour of one or more persons, even if the affected persons are not members of the personnel of the Issuer or its subsidiaries.

Future dilution could have a material adverse effect on the Share price of the Issuer

The newly issued warrants under Warrant Plan 1 and Warrant Plan 2 as well as the Offering Warrants could cause future dilution (see also Section 10.6). In addition, the Issuer may decide to raise capital in the future through public or private (convertible) debt or equity securities (subject to the lock-up provisions set forth in Section 2.9), or rights to acquire these securities, and exclude or limit the preferential subscription rights of the existing shareholders of the Issuer. If the Issuer raises significant amounts of capital by these or other means, this could cause significant dilution for its shareholders.

Takeover provisions of the national law could have a material adverse effect on the Share price of the Issuer

The Belgian Act on public takeover bids (*Wet op de openbare overnamebiedingen*) of 1 April 2007 and the Royal Decree of 27 April 2007 on public takeover bids implementing the European Directive 2004/25/EC of 21 April 2004 on takeover bids provides that a mandatory bid will be triggered if a person holds more than 30% of the voting securities in the target company. The mere fact of exceeding the relevant threshold will give rise to a mandatory bid, irrespective of whether or not the price paid in the relevant transaction exceeds the current market price. The Belgian Act on public takeover bids further provides that another or an additional threshold percentage of voting securities can be determined by Royal Decree to take into account evolutions on the financial markets or, as the case may be, to take transitional measures. The mere fact of exceeding the relevant threshold will give rise to a mandatory bid, irrespective of whether or not the price paid in the relevant transaction exceeds the current market

price. The Belgian Act on public takeover bids contains a transitional provision granting an exemption from the mandatory bid to persons who individually or acting in concert hold at least 30% of the voting securities on the date the new mandatory bid provision enters into force, provided that the shareholding was duly notified to the CBFA within 120 business days as of the entering into effect of the new mandatory bid provision (1 September 2007).

There are several provisions of Belgian company law and certain other provisions of Belgian law, such as the obligation to disclose important shareholdings and merger control, that may apply to the Issuer and which may make an unfriendly tender offer, merger, change in management or other change in control, more difficult. These provisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market prove of the Issuer's shares. These provisions may also have the effect of depriving the shareholders of the opportunity to sell their shares at a premium.

Pursuant to Article 513 of the Belgian Company Code and the Royal Decree of 27 April 2007 on public squeeze-out bids, a person or entity, acting alone or in concert, who owns 95% of the securities conferring voting rights in a public company, can acquire the totality of the securities conferring voting rights in that company following a squeeze-out offer. The Shares that are not voluntarily tendered in response to such offer are deemed to be automatically transferred to the bidder at the end of the procedure.

There is significant flexibility and broad discretion in allocating and using the net proceeds of the New Shares issued

The Issuer's board of directors and Executive Committee will have significant flexibility and broad discretion in allocating and using the net proceeds of the New Shares issued, without having to obtain shareholder approval. If the proceeds are not wisely allocated, this could harm the Issuer's ability to carry out its investment plan and may result in financial losses that could have a material adverse effect on Shares for the foreseeable future.

If the Issuer decides to pay a limited amount of dividends, the success of a shareholder's investment in the Shares will largely depend upon any future appreciation in the value of the Shares

The Issuer intends to adopt a progressive dividend policy which will take into account the profitability of the business and any underlying growth, as well as its capital requirements and cash flows, while maintaining sufficient liquidity for pursuing its buy-and-build strategy. Accordingly the Issuer expects to reinvest the majority of its free cash flow in the next few years and to pay out a relatively low, steadily increasing level of dividends to its shareholders. If the Issuer decides to pay a limited amount of dividends, the success of a shareholder's investment in the Shares will largely depend upon any future appreciation in the value of the Shares. There is no guarantee that the Shares will appreciate in value or even maintain the price at which they were purchased.

Numerous factors may have a significant impact on the market price and volatility of the Share price

Numerous factors, in addition to other risk factors described in this Prospectus, may have a significant impact on the market price and volatility of the Shares, including but not limited to:

- significant period-to-period semi-annual and annual fluctuations in the Issuer's revenues and operating results;
- announcements of new distribution agreements, collaborations or acquisitions by Arseus's competitors or Arseus itself;
- developments concerning proprietary rights, including patents;
- regulatory developments;
- litigation; or
- economic, monetary and other external factors.

Publication of research and analyst reports could have a material adverse effect on the Share price of the Issuer

The Share price may be influenced by research reports that industry or securities analysts publish about the Issuer or its industry. If one or more analysts who cover the Issuer, or its industry, publish a less favourable view on the Shares, the market price of the Shares might decline. If one or more of these analysts ceases coverage of the Issuer or fails to regularly publish reports on the Issuer, the Issuer could loose visibility in the financial markets, which in turn could cause the market price of the Shares or trading volume to decline.

Euronext may annul all transactions effected in the Shares if the Shares are not delivered at the Closing Date

The Shares of the Issuer, the Offering Warrants and the VVPR strips will be listed and traded on Eurolist by Euronext Brussels and Euronext Amsterdam respectively on an "as if-and-when-issued-and/or-delivered" basis as of the Listing Date until the envisaged Closing Date. Euronext may annul all transactions effected in the Shares Offered, the Offering Warrants and/or VVPR strips if the Shares Offered, Offering Warrants and VVPR strips are not issued or delivered on the envisaged Closing Date. Investors that wish to enter into transactions in the Shares, Offering Warrants or VVPR strips prior to the envisaged Closing Date, whether such transactions are effected on Euronext or otherwise, should be aware that the Closing Date may not take place on or about 9 October 2007, or at all, if certain conditions or events are not satisfied (see Section 2.6), or waived or do not occur on or prior to such date. Such conditions include the receipt of certificates and legal opinions and such events include the suspension of trading on Eurolist by Euronext Brussels or Euronext Amsterdam or a material adverse change in the Issuer's financial condition or business affairs or in the financial markets. Euronext Brussels and Euronext Amsterdam have indicated that they will annul all transactions effected in the Shares, Offering Warrants and VVPR strips of the Issuer if the Shares Offered, Offering Warrants and VVPR strips are not delivered on the envisaged Closing Date. Euronext has indicated it cannot be held liable for any damage arising from the listing and trading on an "as if-and-when-issued-and/or-delivered" basis as of the Listing Date until the envisaged Closing Date.

Increased expenses as a result of being a public company could have a material adverse effect on Arseus's business

As a public company, the Issuer will incur significant additional legal, accounting and other expenses that it did not incur as part of a listed company. For example, as a result of its becoming a public company, the Issuer will have to appoint independent directors, create board committees and adopt policies regarding corporate governance and internal controls and procedures. In addition, the Issuer will incur increased costs associated with investor relations and public company reporting requirements, and listing costs.

The Issuer also expects these new rules and regulations to make it more difficult and expensive for the Issuer to obtain or maintain director and officer liability insurance, and it may be required to accept low policy limits and coverage or incur substantial costs to obtain adequate coverage.

Future sales, or the possibility of future sales, of a substantial number of the Shares, Offering Warrants and VVPR strips may depress the price of the Shares, Offering Warrants and VVPR strips, and investors may further experience dilution in the value of the Shares, Offering Warrants and VVPR strips.

In connection with the Offering, the Issuer, the members of the Executive Committee, the Selling Shareholder and the Contributors will agree to certain restrictions on the sale or other disposition of the Shares or any shares or other securities convertible into, or exercisable or exchangeable for, the Shares, except with the prior written consent of the Joint Global Coordinators (subject to Section 2.9). The Issuer, the members of the Executive Committee, the Selling Shareholder, the Contributors and Couckinvest have agreed to lock-up arrangements, ranging from 180 days (for the Issuer, the Executive Committee, the Contributors and Couckinvest) to 360 days after the Closing Date (for the Selling Shareholder, with, however, some soft lock-up restrictions for the last 180 days of this 360-days period). These lock-up arrangements relate to the prohibition (i) to issue or transfer any securities in the Issuer, or (ii) to grant any options or other rights to subscribe for, or otherwise acquire, any such securities. These lock-up arrangements are subject to a number of exceptions. See Section 2.9.

The Issuer cannot predict whether substantial numbers of its Shares will be sold by any of these parties in the open market following the expiration of the applicable lock-up periods. A future sale of a substantial number of the Shares by any of these parties, or the perception that such sales could occur, could materially and adversely affect the market price of the Shares and could also impede the Issuer's ability to raise capital through an issue of Shares in the future.

In addition, following the expiry of the 180 days lock-up period applicable to it, the Issuer may raise capital through public or private financings by issuing additional Shares or securities convertible into Shares, or rights to acquire these securities, and exclude the pre-emption rights pertaining to its then outstanding Shares. If the Issuer raises significant amounts of capital by these or other means, it could cause dilution for its existing shareholders and may have a negative impact on the trading price of the Shares and may increase the volatility in the market price of the Shares.

The Issuer can decide to proceed with the Offering in a size more limited than currently intended

The Issuer has the right to proceed with an Offering in a reduced size. The actual number of Shares Offered will be confirmed in the Belgian financial press and on the website of the Issuer and Omega Pharma together with the Offer Price. Therefore, (i) only a reduced number of Shares could be available for trade on the market, which could limit its liquidity, and thus have an adverse effect on volatility and Share price and (ii) the Issuer's financial means in view of the use of proceeds as described in Section 3 might be reduced and ultimately, as the case may be, it cannot be excluded that the Issuer may not gain any proceeds pursuant to the Offering. The Issuer might therefore have to adjust its strategy or have to look for further external funding.

Changes in the number of Shares held by significant shareholders could have a material adverse effect on the Share price

Following the Offering and the listing of the Shares, the Issuer shall have a number of significant shareholders. An overview of the significant shareholders after the Offering is set out in Section 10.6.

The Issuer is currently not aware of any shareholders' agreement which is entered into between these shareholders in view of the use of their voting rights in respect of the Issuer. However, if these shareholders would combine their voting rights, they could block resolutions that require more than 75% of the votes of the Issuer in attendance or represented at a shareholders' meeting. Any such voting by these significant shareholders may possibly not be in the best interests of the Issuer or of the other shareholders.

Holders of the Shares and the Offering Warrants may be subject to exchange rate risks

The Shares and Offering Warrants being sold in the Offering are priced in euros and, assuming that a trading market for the Shares and/or Offering Warrants develops on Eurolist by Euronext Brussels and/or Eurolist by Euronext Amsterdam, will be quoted and traded in euros. In addition, any dividends the Issuer may pay, will be declared and paid in euros. Accordingly, holders of Shares and/or Offering Warrants resident in jurisdictions outside the euro-zone are subject to risks rising from adverse movements in the value of their local currencies against the euros, which may reduce the value of the Shares and/or Offering Warrants, as well as that of any dividends paid.

DISCLAIMERS AND NOTICES

No representation

No dealer, sales person or other person has been authorised to give any information or to make any representation in connection with the Offering and application for admission to listing and trading that is not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised or acknowledged by the Issuer or Underwriters.

Statements made in this Prospectus are valid on the date set forth on the cover page of this Prospectus. The delivery of this Prospectus or the completion of the Offering and listing will not imply under any circumstance that there have been no changes in the affairs or financial situation of the Issuer since the date of this Prospectus, or that material information contained in this Prospectus is correct after the date of this Prospectus. In accordance with Belgian law, if a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the securities and which arises or is noted between the time when this Prospectus is approved and the Closing Date or, as the case may be, the Listing Date, will be mentioned in a supplement to this Prospectus. Investors who have already agreed to purchase or subscribe for the Shares Offered before the supplement is published will have the right, exercisable within two working days after the publication of the supplement, to withdraw their acceptances. Such a supplement shall be approved by the CBFA, in the same way as this Prospectus and shall be published in accordance with at least the same arrangements as were applied when this Prospectus was published.

Decision to invest

In making an investment decision regarding the Offering described herein, potential investors must rely on their own examination of the Issuer and the terms of the Offering, including the risks and merits involved. Any summary or description set forth in this Prospectus of legal provisions, corporate structurings or contractual relationships is for information purposes only and should not be construed as legal or tax advice as to the interpretation or enforceability of such provisions, structurings or relationships. In case of any doubt relating to the contents or the meaning of the information contained in this Prospectus, prospective investors should consult an authorised or professional person specialised in advice on the acquisition of financial instruments. The Offering has not been recommended by any federal or state securities commission or regulatory authority in Belgium or elsewhere.

Certain restrictions on the Offering and the distribution of this Prospectus

The Offering and the distribution of this Prospectus may be restricted by law in certain jurisdictions outside Belgium. The Issuer does not represent that (i) this Prospectus may be lawfully distributed in jurisdictions outside Belgium or that (ii) its Shares may be lawfully offered in compliance with any applicable registration or other requirements in jurisdictions outside Belgium, or pursuant to any exemption available thereunder. The Issuer does not assume any responsibility for such distribution or Offering. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertising or other Offering materials may be distributed or published, in any jurisdiction outside Belgium, except in circumstances that will result in compliance with any applicable laws and regulations. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Shares to any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. Persons in whose possession this Prospectus or any of the Shares come, must inform themselves about, and observe, any such restrictions.

Within the European Economic Area

In relation to offerings of the Shares in the Member States of the European Economic Area which have implemented the Prospectus Directive (each, a "Relevant Member State") the following rules apply. The Issuer has not authorised an offer of the Shares to the public in the Relevant Member States, except Belgium. Nevertheless, the Shares can be offered to investors in a Relevant Member State in the following circumstances pursuant to exemptions available under the Prospectus Directive, provided that such exemptions have been transposed into the laws of that Relevant Member State:

(a) the Shares can be offered to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) the Shares can be offered to legal entities that according to their last annual or consolidated accounts meet at least two of the following three criteria: (i) an average number of employees of at least 250 employees during the financial year, (ii) a total balance sheet of more than €43,000,000, and (iii) an annual net turnover of more than €50,000,000;

(c) the Shares can be offered by the Underwriters to fewer than 100 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; and

(d) the Shares can be offered in other circumstances provided for in Article 3(2) of the Prospectus Directive, provided that no such offer results in a requirement by the Issuer or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purpose of the foregoing rules, the expression an "offer to the public" in relation to any of the Shares in any Relevant Member State means the communication in any form and by any means, presenting sufficient information on the terms of the Offering and the Shares to be offered, so as to enable an investor to decide to purchase or subscribe to the Shares, subject to the terms pursuant to which such definition may have been transposed into national law in that Relevant Member State. The expression "Prospectus Directive" means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, and includes any relevant transposition measure in a Relevant Member State.

Outside the European Economic Area

The Shares have not been, and will not be, registered under the Securities Act of the United States of America. Subject to certain exceptions, the Shares may not be offered, sold or delivered in the United States of America, or to, for the account or benefit of, US persons, except in certain transactions exempt from the registration requirements of the Securities Act. The terms used in this paragraph have the meanings given to them by Regulation S. The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the US.

The Shares have not been, and will not be, registered under the Securities and Exchange Law of Japan. Accordingly, no person may offer or sell, directly or indirectly, any Shares in Japan, to, or for the benefit of, any resident of Japan, including any corporation or other entity organised under the laws of Japan or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any person resident in Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law of Japan and (ii) in compliance with any other applicable requirements of Japanese law.

No offer of the Shares has been, or will be, made to the public in Switzerland within the meaning of Article 65a paragraph II of the Swiss Code of Obligations.

It is the responsibility of any person not resident in Belgium who wishes to take part in the Offering to ascertain that the legislation applicable in his or her country of residence is complied with, and that all other formalities that may be required are fulfilled, including the payment of all costs and levies.

United Kingdom

This Prospectus and its contents are confidential and its distribution (which term shall include any form of communication) is restricted pursuant to Article 21 of the Financial Services and Markets Act 2000, as amended ("FSMA"). In relation to the United Kingdom, this Prospectus is only directed at, and may only be distributed to, persons who are "investment professionals" (being persons having professional experience in matters relating to investments) within the meaning of Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the "Financial Promotion Order") or who are persons to whom any of paragraphs (2)(a) to (d) of Article 49 (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order apply or who are persons to whom distribution may otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not rely or act upon this Prospectus or any of its contents.

France

The Shares have not been offered or sold and will not be offered or sold, directly or indirectly, and copies of this Prospectus or of any other offering material relating to the Shares have not been and will not be distributed or caused to be distributed, directly or indirectly, to the public in France except (i) to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (ii) to qualified investors (*investisseurs qualifiés*), acting for

their own account, and/or (iii) to a restricted circle of investors (*cercle restreint d'investisseurs*), acting for their own account, all as defined in and in accordance with Articles L. 411-2, D. 411-1 to D. 411-4, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French *Code Monétaire et Financier*, or otherwise in circumstances which do not constitute and will not constitute a public offering (*appel public a l'épargne*) in France as defined in and in accordance with Articles L. 411-1 of the French *Code Monétaire et Financier.*

As required by Article 211-4 of the General Regulations of the *Autorité des marchés financiers*, such *personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers, investisseurs qualifiés* and *cercle restreint d'investisseurs* are informed that (i) neither this Prospectus nor any other offering documents in relation to the Shares have been submitted to the clearance procedures of the *Autorité des marchés financiers*; (ii) with respect only to *investisseurs qualifiés* and *cercle restreint d'investisseurs*, they must participate in the Offering on their own account in the conditions set out in Articles D. 411-1, D. 411-2, D.734-1, D. 744-1, D. 754-1 and D.764-1 of the French *Code Monétaire et Financier*, and (iii) the direct or indirect offer or sale, to the public in France, of the Shares can only be made in accordance with Articles L. 411-1, L.411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code Monétaire et Financier.*

This Prospectus does not constitute and may not be used for, or in connection with, either an offer to any person to whom it is unlawful to make such an offer or a solicitation (*démarchage*) by anyone not authorised so to act in accordance with Articles L. 341-3, L. 341-4 and L. 341-7 of the French *Code Monétaire et Financier.*

Forward-looking statements

This prospectus contains forward-looking statements, forecasts and estimates made by the management of the Company with respect to the anticipated future performance of Arseus and the market in which it operates. Such statements, forecasts and estimates are based on various assumptions and assessments of known and unknown risks, uncertainties and other factors, which were deemed reasonable when made but may or may not prove to be correct. Therefore, actual results, the financial condition, performance or achievements of Arseus, or industry results, may turn out to be materially different from any future results, performance or achievements expressed or implied by such statements, forecasts and estimates. Factors that might cause such a difference include, but are not limited to those discussed in the section "Risk Factors". Furthermore, forward-looking statements, forecasts and estimates only speak as of the date of this Prospectus.

Industry data, market share, ranking and other data

Unless indicated otherwise in this Prospectus, industry data, market share data, ranking and other data contained in this Prospectus are based on independent industry publications, on reports by market research firms and on other independent sources or on management's own estimates, believed by management to be reasonable. The information provided by third parties has been correctly reflected in this Prospectus and, insofar as the Issuer knows or could determine on the basis of this published information, no data have been omitted which would render the published information inaccurate or misleading. The Issuer, the Underwriters and their respective advisors have not independently verified this information. Furthermore, market information is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market information. Also, third party publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. As a result, prospective investors should be aware that the Issuer cannot guarantee that industry data, market share, ranking and other similar data in this Prospectus, and estimates and beliefs based on such data, are correct.

Rounding of financial and statistical information

Certain financial and statistical information in this Prospectus has been subject to rounding adjustments and to currency conversion adjustments. Accordingly, the sum of certain data may not be equal to the expressed total.

Currencies

Unless otherwise indicated, all references in this Prospectus to "EUR", "€", or "euro" are to the lawful currency of the European Monetary Union, of which Belgium is a member, and all references in this Prospectus to "USD", "US$", or "dollars" are to the lawful currency of the United States of America.

1. GENERAL INFORMATION AND PARTIES ASSUMING RESPONSIBILITY FOR THIS PROSPECTUS

1.1. Responsibility for the content of this Prospectus

The Issuer, represented by its board of directors, assumes responsibility for the content of this Prospectus. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The following parts of this Prospectus have been drafted on the basis of information provided by the Selling Shareholder and consist of the following: (i) the description of the Selling Shareholder and its shareholding in the Issuer, (ii) the description of the Over-allotment Option granted by the Selling Shareholder, and (iii) the description of the intentions of the Selling Shareholder.

The Underwriters and their advisors make no representation or warranty, express or implied, as to the accuracy or completeness of the information in this Prospectus, and nothing in this Prospectus is, or shall be relied upon as a promise or representation by the Underwriters and their advisors.

This Prospectus is intended to provide information to potential investors in the context of and for the sole purpose of evaluating a possible investment in the Shares Offered. It contains selected and summarised information, does not express any commitment or acknowledgement or waiver and does not create any right expressed or implied towards anyone other than a potential investor. It cannot be used except in connection with the Offering. The content of this Prospectus is not to be construed as an interpretation of the rights and obligations of the Issuer, of the market practices or of contracts entered into by the Issuer.

1.2. Responsibility for auditing the accounts

PricewaterhouseCoopers, a civil company having the form of a *burgerlijke coöperatieve vennootschap met beperkte aansprakelijkheid* with registered office at Woluwe Garden, Woluwedal 18, B-1932 Sint-Stevens-Woluwe, Belgium and with membership number of the Institute of Company Auditors (*Instituut der Bedrijfsrevisoren*) B00009, represented by Mr. Lieven Adams and Mr. Peter Opsomer, has been elected as statutory auditor of the Issuer for a term of three years ending immediately after the closing of the shareholders' meeting to be held in 2010 that will have deliberated and resolved on the financial statements for the fiscal year ended on 31 December 2009.

As the Issuer was incorporated on 29 June 2007, no financial statements for the Issuer exist on the date of this Prospectus. The combined financial statements of Arseus B.V.[2] for the years ending on 31 December 2006, 31 December 2005 and 31 December 2004 in accordance with IFRS, have been audited by PricewaterhouseCoopers, represented by Mr. Peter Van den Eynde and Mr. Peter Opsomer, who delivered an unqualified opinion thereon.

The interim combined financial statements of Arseus B.V. for the period ending on 30 June 2007 and 30 June 2006 have been subject to a limited review by PricewaterhouseCoopers, represented by Mr. Peter Van den Eynde and Mr. Peter Opsomer, who confirmed their review did not reveal any matters requiring correction of the half-yearly condensed combined financial statements for them to have been properly prepared.

1.3. Approval of this Prospectus

On 11 September 2007, the CBFA approved the English version of the Prospectus for the purposes of the Offering in Belgium and the listing and trading of the Shares, the Offering Warrants and the VVPR strips on Eurolist by Euronext Brussels in accordance with Article 23 of the Belgian Act of 16 June 2006 relating to public offers of securities and to the admission to trading of securities on regulated markets. The CBFA's approval does not imply any judgment on the merits or the quality of the Offering or of the Shares Offered, the Offering Warrants or the VVPR strips, nor of the status of the Issuer.

This Prospectus has been prepared in English. In accordance with Article 31 of the aforementioned Belgian Act of 16 June 2006, this Prospectus has been translated into Dutch. The Issuer is responsible for the consistency between the Dutch and the English versions of this Prospectus. In connection with the public offering in Belgium, both the English and Dutch version of the Prospectus are legally binding.

For the purposes of the listing of the Shares on Eurolist by Euronext Amsterdam, the CBFA has sent a confirmation to the Netherlands Authority for the Financial Markets in Amsterdam that this Prospectus has been approved in accordance with the Directive 2003/71/EC dated 4 November 2003.

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[2] See Section 10.1. in which the Contribution in Kind of Arseus B.V. into Arseus NV is described.

Otherwise as stated above, the Offering and this Prospectus have not been submitted for approval to any supervisory body or governmental authority.

1.4. Legal publications

The notice containing the Offer Price Range will be published in the Belgian financial press and on the websites of the Issuer and Omega Pharma on or about 21 September 2007.

All publications with regard to the Offering will be made in the Belgian financial press and on the websites of the Issuer and Omega Pharma.

1.5. Available information

1.5.1. Prospectus

This Prospectus is available in Dutch and in English. This Prospectus will be made available to investors at no cost at the registered office of the Issuer at Textielstraat 24 in 8790 Waregem, Belgium, and can be obtained upon simple request from the KBC Telecenter at +32 (0)3 283 29 70 (Dutch and English), from ING Bank at telephone number +32 (0)2 464 61 01(Dutch) or +32 (0)2 464 61 04 (English) or from Bank Degroof at telephone number 02 287 97 55 (Dutch and English). Subject to certain conditions, this Prospectus is also available, for information purposes only, on the internet at the following websites: www.arseus.com, www.kbcsecurities.be, www.bolero.com, www.kbc.be, www.ing.be and www.degroof.be.

Posting this Prospectus on the internet does not constitute an offer to sell or a solicitation of an offer to buy any of the Shares to any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. The electronic version may not be copied, made available or printed for distribution. Other information on the website of the Issuer or any other website does not form part of this Prospectus.

1.5.2. Issuer documents and other information

The Issuer must file its (restated and amended) articles of association and all other deeds that are to be published in the annexes to the Belgian State Gazette with the clerk's office of the Commercial Court of Kortrijk (Belgium), where they are available to the public. A copy of the articles of association and the corporate governance charter will also be available on the Issuer's website after the completion of the Offering, i.e. on the Closing Date.

In accordance with Belgian law, the Issuer must prepare annual audited statutory and consolidated financial statements. The annual statutory and consolidated financial statements and the annual reports of the board of directors and statutory auditor relating thereto are filed with the Belgian National Bank, where they are available to the public. Furthermore, as a listed company, the Issuer will have to publish annual and semi-annual financial releases as well as a report including the annual financial statements, the auditor's statutory report and the annual report of the board of directors of the Issuer. These releases will generally be published in the Belgian financial press and on the website of the Issuer in the form of a press release. Copies thereof and the annual report will also be available on the Issuer's website.

The Issuer will also have to disclose price sensitive information, information about its shareholders' structure and certain other information to the public. In accordance with the Belgian Royal Decree of 31 March 2003 (as amended) relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market, such information and documentation will be made available through the Issuer's website, press releases and the communication channels of Euronext Brussels and Euronext Amsterdam or a combination of these media.

The Issuer's website can be found at www.arseus.com.

2. GENERAL INFORMATION RELATING TO THE CARVE-OUT, THE OFFERING AND ADMISSION TO LISTING AND TRADING ON EUROLIST BY EURONEXT BRUSSELS AND EURONEXT AMSTERDAM

2.1. Rationale and objective for the carve-out

2.1.1. General

The activities of the Omega Pharma group are focused on two markets. Approximately 73% of Omega Pharma's 2006 turnover was derived from non-prescription medicines and personal care products. These are the activities that will remain within Omega Pharma following the carve-out. Approximately 27% of Omega Pharma's 2006 turnover comes from products and services for professional use by pharmacists, dentists, physicians, nurses, hospitals, elderly care homes and other medical professionals. The latter forms the activities of Arseus, which will be carved out from the Omega Pharma group.

With 2006 sales of €277.0 million, the activities of Arseus have developed in such a way that the board of directors of Omega Pharma has decided to pursue an autonomous course for the Issuer on the one hand and Omega Pharma on the other hand.

2.1.2. Arseus's own focus and resources

By 2005, the four professional healthcare businesses within Omega Pharma had each attained the critical size and market position where Omega Pharma's management and board of directors believed that the integration of these businesses within a separate unified Group would facilitate more optimal performance across all such businesses. As such, near the end of 2005, the decision was taken to separate the professional healthcare businesses from Omega Pharma's core over-the-counter ('OTC') pharmaceutical businesses, to enable the two disparate types of business to maintain a focus on optimising their respective performance, as well as to provide the professional healthcare businesses (now Arseus) with direct access to capital to allow it to continue its growth strategy on a standalone basis.

2.1.3. Market transparency and access to capital markets

The board of directors of Omega Pharma believes that the carve-out process will increase the transparency for both Omega Pharma and Arseus. The separate listing of Arseus as a focussed professional healthcare player will allow investors to invest in a specialised company operating in a fragmented European professional healthcare market. Furthermore, Arseus will have direct access to the capital markets and will be better positioned to pursue its growth strategy and capitalize on the future growth of the professional healthcare market.

Arseus has applied for a listing and trading of its Shares, Offering Warrants and VVPR strips on Eurolist by Euronext Brussels, and of its Shares also on Eurolist by Euronext Amsterdam. The decision for a dual listing in Belgium and the Netherlands reflects the fact that the majority of the Issuer's sales is generated in these two countries. In 2006, 44% of the Issuer's combined sales was generated in Belgium and 32% in the Netherlands. A dual listing in Brussels and Amsterdam will further provide Arseus with a higher degree of visibility and consequently increased brand recognition in both countries. The Issuer has the intention to grant warrants to its employees, Executive Committee and consultants (see Section 10.5.2); a dual listing in Brussels and Amsterdam enables easy access for these (future) shareholders of either Belgian or Dutch nationality.

In addition, there is a good affinity between the nature of the Issuer's business and the scope of pension funds, which are considered to be major institutional investors in the Netherlands. The Issuer wishes to establish a good relationship with these potential shareholders.

2.2. Information related to the Issuer's capital increase

At the extraordinary shareholders' meeting held on 7 September 2007, the shareholders of the Issuer approved to, *inter alia* (i) increase the Issuer's share capital as a result of the Contribution in Kind as described in Section 10.4.1 (ii) increase the Issuer's share capital through the issue of New Shares to be subscribed for in cash, and (iii) issue the Offering Warrants and the warrants under Warrant Plan 1 and Warrant Plan 2 as described in Section 10.5.

Up to 6,000,000 New Shares (each with a VVPR strip attached) will be issued against a contribution in cash per New Share equal to the Offer Price (which will include an issue premium, if applicable). The exact number of New Shares, and amount of the capital increase and issue premium (if applicable) will be determined on the Closing Date by two directors of the Issuer and will depend on the Offer Price and the number of New Shares issued in the context of the Offering. All New Shares are offered within the context of the Offering.

Up to 6,550,699 Offering Warrants will be issued and granted at no cost to the holders of Coupon No. 10 of Omega Pharma shares that subscribe to the Priority Shares. To the extent that the Priority Tranche is not fully subscribed for, the Offering Warrants corresponding to the unsubscribed portion of the Priority Tranche will be automatically cancelled. The exact number of Offering Warrants that will be issued will be determined by two directors of the Issuer on the Closing Date and will depend on the number of Priority Shares subscribed for.

Prior to the capital increase mentioned above, 99 Shares were held by Omega Pharma and 1 Share is held by Omega Pharma Holding (Nederland) B.V. See also Section 10.4.2 in this respect.

The existing shareholders in the Issuer have waived their preferential subscription right in respect of the issue of New Shares, the Offering Warrants, and the warrants issued under Warrant Plan 1 and Warrant Plan 2.

To the extent that the Offering is not fully subscribed for, the Issuer has reserved the right to reduce the number of New Shares issued. Also, the board of directors has the right, but not the obligation, to cancel in such an event the Offering or to proceed with the Offering with a reduced number of Shares Offered.

The number of New Shares (with VVPR strips attached) that will be issued and offered and the number of Offering Warrants that will be issued and offered in the Offering as well as the Offer Price will be announced in the Belgian financial press and on the website of the Issuer and Omega Pharma.

For an overview of the other resolutions passed at the Issuer's extraordinary shareholders' meeting of 7 September 2007, reference is made to Section 10.1.

2.3. Key information

2.3.1. Selected key financials in accordance with International Financial Reporting Standards (IFRS)

2.3.2. Working capital statement

On the date of this Prospectus, the Issuer believes that, taking into account its available cash and cash equivalents, it has adequate working capital to meet its present requirements and cover the working capital needs for a period of at least 12 months from the date of this Prospectus.

2.4. Interest of natural and legal persons involved in the Offering

2.4.1. Omega Pharma

Following (i) the contribution by Omega Pharma of all its shares in Arseus B.V. but prior to (ii) the contribution of the Debt Receivables into the share capital of the Issuer, Omega Pharma directly and indirectly owned 25,000,000 Shares or 100% of all of the issued share capital of the Issuer prior to the Offering.

Omega Pharma will offer up to 17,500,000 of the Shares (all Existing Shares) in the Offering. In addition, Omega Pharma granted to the Joint Global Coordinators the Over-allotment Option in relation to up to 15% (equal to up to 2,968,144 Existing Shares, which are not the same Shares as those sold in the Offering) of the aggregate number of Shares sold in the Offering (excluding the Couckinvest Shares) with the sole purpose for the Joint Global Coordinators to cover over-allotments (if any). See also Section 2.8.

The Shares held by Omega Pharma that are not sold within the Offering will be subject to the lock-up arrangement as further described in Section 2.9.

2.4.2. Couckinvest

Couckinvest NV intends to participate for his share in the Priority Tranche.

2.4.3. Members of the Executive Committee

The members of the Executive Committee intend to participate in the Offering.

2.5. Terms of the Offering

2.5.1. General terms

The Offering consists of a public offering in Belgium and a private placement to institutional investors in Belgium and elsewhere in the European Economic Area and Switzerland.

In agreement with the Issuer, the procedure regarding the Offering is proposed as follows. The Offering consists of two tranches:

(i) the Priority Tranche, for a maximum of 13,101,399 Priority Shares and (ii) the Open Tranche consisting of up to 10,398,601 Shares, Existing Shares and New Shares alike. The Priority Tranche consists of Priority Shares that are offered to the holders of Coupons No. 10 of Omega Pharma shares. Holders of Coupon No. 10 of Omega Pharma shares have the non-reducible right to subscribe to two Priority Shares for every four Coupons No. 10. In addition, such holders will also receive one free Offering Warrant for every two Priority Shares subscribed for in the Priority Tranche. The unsubscribed portion of the Priority Shares will be added to the Open Tranche and may therefore be allocated in the context of the Open Tranche. See Section 2.5.4.2 in which the application procedure for subscriptions in the Priority Tranche is explained. Coupons No. 10 will not be listed and will lapse without value at the time of the end of the Offering Period.

(ii) The Open Tranche is the portion of the Offering not subject to priority rights as described above and which is therefore open to all investors (including Omega Pharma shareholders, subject to the selling restrictions described in Section 2.9). The Open Tranche consists of a maximum number of 10,398,601 Shares (to be increased with the number of Shares not initially subscribed for in the Priority Tranche). Depending on the outcome of the Offering, the number of Shares made available to investors under the Open Tranche may be reduced.

Shares Offered under both the Priority Tranche and the Open Tranche are offered as part of one single Offering on the same terms. To the extent that the Offering is not fully subscribed for and the Issuer decides to proceed with the Offering with a lower number of Shares Offered, such reduction shall be implemented as follows: by reducing first the number of New Shares in the Open Tranche, and, if necessary, by also reducing the number of Existing Shares offered in the Open Tranche, in this order of priority.

The New Shares will carry a right to reduced withholding tax, known as *Verminderde Voorheffing* or *VVPR*. A separate VVPR strip will represent this right. Each New Share will come together with one VVPR strip, which will be separately tradable on Eurolist by Euronext Brussels.

In addition, the Selling Shareholder granted to the Joint Global Coordinators the Over-allotment Option, exercisable from time to time on or before the 30th day after the Listing Date, in relation to up to 15% (equal to up to 2,968,144 Existing Shares, which are not the same Shares as those sold in the Offering), of the number of Shares sold in the Offering (excluding the Couckinvest Shares), with the sole purpose of allowing the Joint Global Coordinators to cover over-allotments, if any. See also Section 2.8.

Subject to sufficient retail demand, it is expected that no less than 20% of the Shares Offered effectively allocated will be allocated to retail investors in Belgium. However, at the discretion of the Joint Global Coordinators and in agreement with the Issuer and the Selling Shareholder (i) the proportion of those Shares Offered allocated to retail investors may be increased and possibly substantially, if applications received from retail investors exceed 20% of those Shares Offered or, conversely, (ii) such proportion may be reduced but not below 10% (unless sufficient retail demand would be lower than 10%) if the relative demand from institutional investors at or above the Offer Price significantly exceeds that of retail investors.

For the purpose of the above paragraph, a retail investor means (a) an individual person resident in Belgium, or (b) the legal entities in Belgium that apply for Shares in an amount of €250,000 or less.

In allocating the Shares Offered, the Joint Global Coordinators will use reasonable efforts to ensure that the New Shares with VVPR strips are delivered to individual investors residing in Belgium and to investors subject to Belgian tax on legal entities (*rechtspersonenbelasting*), in this order of priority.

In the event that the terms of the Offering are modified, the Issuer will publish a supplement to this Prospectus. Any such prospectus supplement is subject to approval by the CBFA in the same manner as the prospectus and shall be made public as shall be determined by the CBFA. If a prospectus supplement is published, investors shall have the right to withdraw their subscriptions made prior to the publication of the supplement. Such withdrawal must be executed within the time limits set forth in the supplement and which shall not be shorter than two banking days after publication of the supplement. Any such prospectus supplement will be published in the Belgian financial press or made available by any other permitted method of distribution. If the Issuer does not provide any update with respect to such event, the CBFA may suspend the Offering until such event has been made public.

2.5.2. Offer Price

The Offer Price will be a single price in euro that will apply to all investors whether retail or institutional.

The Offer Price will be determined within the Offer Price Range. The Offer Price will be determined by the Issuer and Omega Pharma in agreement with the Joint Global Coordinators, on the basis of a book-building procedure

during the Offering Period, in which only institutional investors can participate. In this book-building period, various relevant qualitative and quantitative elements will be taken into account, including but not limited to the number of Shares requested, the size of orders received, the quality of the investors submitting such orders and the prices at which the orders were made, as well as the market conditions at that time.

The Offer Price Range will be determined by the Issuer and Omega Pharma in agreement with the Joint Global Coordinators taking into account market conditions and factors such as:

- a qualitative assessment of demand for the Shares Offered;
- Arseus's financial information;
- the history of, and the prospects for, Arseus and the industry in which it competes;
- an assessment of Arseus's management, its past and present operations and the prospects for, and timing of, its future operating results;
- the present state of its development; and
- the above factors in relation to other listed companies engaged in activities similar to Arseus's.

The Offer Price Range will be published in the Belgian financial press and on the website of the Issuer and Omega Pharma on or about 21 September 2007 as addendum to this Prospectus. The Offer Price will be determined as soon as possible after closing of the Offering Period, which is expected to take place on 3 October 2007 and will be published in the Belgian financial press and on the website of the Issuer and Omega Pharma on the first publishing day following its determination, which is expected to be on 5 October. The last two dates are subject to early closing of the Offering Period.

2.5.3. Offering Period

The Offering Period will begin on 21 September 2007 and is expected to close on 3 October 2007 at 4.00 PM (Brussels time), subject to early closing. Because it is possible that the Offering is closed early, investors are requested to submit their applications as promptly as possible. Any early closing of the Offering Period will be announced in the Belgian financial press and on the website of the Issuer and Omega Pharma. The Offering Period will in any event be open for at least six trading days from the start of the Offering and will be the same for retail and institutional investors.

2.5.4. Application procedure

2.5.4.1 Retail offering in Belgium

Applications to subscribe for Shares Offered within the framework of the retail offering in Belgium can be submitted at the branches of KBC Bank, KBC Securities, ING Belgium, Bank Degroof and their affiliates, at no cost to the investor. Applications are not binding upon the Issuer or the Underwriters as long as they have not been accepted pursuant to the allocation rules as described in Section 2.5.5.

Investors wishing to apply for Shares Offered through other intermediaries should request details of the costs which such intermediaries may charge and which such investors may therefore have to pay for.

Retail investors must indicate in their orders the number of Shares Offered they commit to acquire. Only one application per retail investor will be accepted. If the Underwriters determine, or have reason to believe, that a single retail investor has submitted several orders, through one or more Underwriters, they may discard such orders.

Retail investors are invited to place their orders as soon as possible with the aforementioned branches of the Underwriters in Belgium. To be valid, such applications must be submitted, no later than 4.00 PM (Brussels time) on the final day of the Offering Period, unless it is closed earlier.

2.5.4.2 Subscriptions in the Priority Tranche with Coupons No. 10 of Omega Pharma shares

Subscriptions for the Priority Tranche need to be for a minimum of two Shares Offered per subscription, or a multiple thereof, and:

- must be accompanied by four, or a multiple thereof, bearer Coupons No. 10 of Omega Pharma shares for every two Priority Shares subscribed for. If such Coupons No. 10 are held in a securities account then the subscriber must transfer the Coupon No. 10 or allow the transfer of the Coupon No. 10 to the securities account of the arranging bank; or

- must be accompanied by a duly signed certificate delivered by Omega Pharma representing the equivalent of such Coupons No. 10 that are attached to the bearer shares for the registered shareholders and confirming the registration of the person named in the share certificate as holder of a specified number of registered shares in the share register of Omega Pharma on the first day of the Offering Period.

2.5.5. Allocation of the Shares Offered, the VVPR-strips and the Offering Warrants

2.5.5.1 General

The exact number of Shares Offered (including the number of Shares covering the Over-allotment Option) allotted to the retail investors and the institutional investors respectively will be determined at the end of the Offering Period by the Issuer and Selling Shareholder in agreement with the Joint Global Coordinators. Subscriptions for Priority Shares accompanied by the correct number of Coupons No. 10 of Omega Pharma shares (or certificates representing such Coupons No. 10) will be fully allocated. The subscriptions in the Open Tranche may, in the event of an oversubscription, be reduced depending, *inter alia*, on the level of oversubscription. The allocation will, furthermore, depend on the respective demand of both retail and institutional investors and on the quantitative and, for institutional investors only, the qualitative analysis of the order book, and taking into account the expected 20% retail tranche and 80% institutional tranche in the Offering described in Section 2.5.1 above, but without prejudice to the rules set forth below.

The proportion of Shares Offered allocated to retail investors may be increased and possibly substantially, if applications received from them exceed 20% of the Shares Offered effectively allocated or, conversely, such proportion may be reduced but not below 10% (unless sufficient retail demand would be lower than 10%) if the relative demand from institutional investors at or above the Offer Price significantly exceeds that of retail investors.

In case of oversubscription of the Shares Offered reserved for retail, the allocation to retail will be made on the basis of objective allocation criteria (such as the use of a relative or absolute amount of Shares with respect to each subscription which may, but will not necessarily, be grouped in certain tranches and in which preferential treatment may be given to subscriptions via the Underwriters). Preferential treatment may be given to applications submitted at the branches of KBC Securities, KBC Bank, ING Belgium, Bank Degroof and their affiliates, rather than through other financial intermediaries.

The results of the Offering, the priority allocation ratio, the allocation key for the retail investors and the Offer Price will be published in the Belgian financial press and on the website of the Issuer and Omega Pharma, which is expected to occur on or around 5 October 2007, subject to early closing of the Offering Period.

2.5.5.2 Allocation of New Shares and Existing Shares

Tax on stock exchange transactions

The purchase of Existing Shares will, unless an exemption applies, give rise to tax on stock exchange transactions *(taks op de beursverrichtingen)* at a rate of 0.17% per transaction and per party, subject to a cap of €500 per transaction and per party. The subscription to New Shares will not give rise to tax on stock exchange transactions. See also Section 13.1.3.

The Joint Global Coordinators will use reasonable efforts to ensure that the Shares Offered delivered to retail investors are New Shares, if any. Should the total number of Shares allocated to retail investors exceed the number of New Shares effectively allocated in the Offering, the New Shares will be allocated to retail investors pro rata to individual subscriptions.

VVPR strips

All New Shares will be issued together with VVPR strips, which entitle their holder to a reduced rate of Belgian withholding tax on dividends and which will be separately tradable. See also Section 13.1 and 13.2.

In allocating the Shares Offered, the Joint Global Coordinators will use reasonable efforts to ensure that New Shares with VVPR strips are delivered to individual investors residing in Belgium and to investors subject to Belgian legal entities tax *(rechtspersonenbelasting)*, in this order of priority.

VVPR strips will be separately tradable on Eurolist by Euronext Brussels as from the Listing Date, and investors who do not receive VVPR strips in the Offering may be able to purchase such instruments on the secondary market.

Except for this reasonable efforts undertaking regarding the allocation of VVPR strips, all investors may receive either New Shares or Existing Shares or a combination of both. While it is expected that retail investors will be allotted only New Shares with a separate VVPR strip, neither the Selling Shareholder who has granted the Over-

allotment Option, nor the Issuer or the Underwriters will have any liability to investors in connection with the allocation of Shares Offered, with or without a separate VVPR strip.

2.5.6. Payment, settlement and delivery of the Shares, Offering Warrants and VVPR strips

The Offer Price must be paid up in full in euro, together with any applicable stock exchange tax. For further information about applicable taxes, see Sections 13.1 and 13.2. Payment for the Shares Offered will take place on the Closing Date.

The Closing Date, being the payment date, which is also the date on which the Shares Offered, the Offering Warrants and the VVPR strips will be delivered to investors, will be the third trading day following the Allocation Date, expected to be on or around 9 October 2007 unless the Offering Period is closed earlier.

All Shares Offered, Offering Warrants and VVPR strips will be delivered through the book-entry facilities of Euroclear Belgium-CIK. As mentioned in Section 10.4.4, the Issuer has chosen not to deliver the Shares Offered in physical form but make them available in book-entry form only (by posting them into the shareholder's securities account). After the Closing Date, the delivery of the Shares will be made within the Dutch central securities depository, Euroclear Nederland. All the Shares will be in bearer form represented by a single global certificate lodged with Euroclear — CIK for safekeeping on behalf of those persons entitled to the Shares. The Issuer will not print any Shares.

For investors who opt for registered Shares, the Shares will be recorded in the Issuer's share register. Holders of registered Shares may request that their registered Shares be converted into bearer Shares and vice versa at any time. Any costs incurred by the conversion of registered Shares into bearer Shares will be borne by the shareholder.

All of the Shares Offered will be fully paid up upon their delivery, and will be freely transferable.

2.5.7. Entitlement to dividends

The Shares Offered will be entitled to a share in the profits as of 29 June 2007, if any, and are therefore entitled to the dividend (if any) for the shortened financial year that will close on 31 December 2007 and the following financial years. For further information on the declaration and payment of dividends, see also Section 10.4.3.3.

2.6. Listing and first trading

An application has been made for the admission to listing and trading on Eurolist by Euronext Brussels and Euronext Amsterdam of all Shares. The Shares are expected to be listed under the symbol RCUS in Brussels and RCUSA in Amsterdam. An application has also been made for the admission and trading on Eurolist by Euronext Brussels of all VVPR strips and Offering Warrants. The VVPR strips are expected to be listed under the symbol RCUSS, the Offering Warrants are expected to be listed under the symbol RCUSW.

The Issuer expects trading to commence on the Listing Date, on or around 5 October 2007, unless early closing of the Offering Period occurs, being the first trading day following the Allocation Date (but no later than the Closing Date when the Shares Offered, Offering Warrants and VVPR strips are delivered to the investors). See also the underwriting agreement, referred to in Section 2.7.

Prior to the Closing Date and delivery of the Shares and, as the case may be, VVPR strips and Offering Warrants to the investors, the Shares, Offering Warrants and VVPR strips will be listed on an "as if-and-when-issued-and/or-delivered" basis. Investors that wish to enter into transactions in Shares, Offering Warrants or VVPR strips prior to the Closing Date, whether such transactions are effected on Eurolist by Euronext Brussels or Eurolist by Euronext Amsterdam or otherwise, should be aware that the Closing Date may not take place on 9 October 2007 or at all if certain conditions or events referred to in the underwriting agreement are not satisfied or waived or do not occur on or prior to such date. Such conditions include the receipt of certificates and legal opinions and such events include the suspension of trading on any of the New York Stock Exchange, the London Stock Exchange, Euronext Brussels or Euronext Amsterdam or a material adverse change in or affecting the Issuer's financial condition or business affairs or in the financial markets, and certain other events. Euronext Brussels and Euronext Amsterdam have indicated that they will annul all transactions effected on it if the Shares, Offering Warrants and VVPR strips offered hereby are not delivered on the Closing Date.

Prior to the Offering, no public market existed for the Shares, VVPR strips and Offering Warrants.

2.7. Underwriting agreement

The Underwriters, the Issuer, and Omega Pharma are expected to enter into an Underwriting Agreement no later than on the day of the determination of the Offer Price, currently expected to be 4 October 2007 (subject to early Closing of the Offering).

The Offering is subject to the signing of this Underwriting Agreement by the Underwriters, the Issuer and the Selling Shareholder. None of these parties have an obligation to enter into the Underwriting Agreement. The execution of this Underwriting Agreement shall depend on various factors including the market conditions and the result of the Offering. If no Underwriting Agreement is entered into, the orders placed by investors shall be automatically cancelled.

It is anticipated that the Underwriting Agreement will provide — subject to the conditions and events that will be stipulated therein — that the Underwriters, severally but not jointly, in their own name but for the account of the investors subscribing to the Offering, each for 20% of the Offering, and guarantee the payment of the Offer Price for the Shares Offered to which subscriptions were received within the context of the Offering.

It is also expected that the Underwriting Agreement will contain provisions which allow a termination of the Underwriting Agreement by the Underwriters in the event of a material adverse change or in the event that certain conditions precedent as determined in the Underwriting Agreement are not met. In such an event, the Underwriters shall be entitled to withdraw from the Underwriting Agreement and the Offering prior to the payment of the Shares Offered. Consequently, all orders of investors will be automatically cancelled in the event of such termination of the Underwriting Agreement.

The Underwriting Agreement is also expected to provide that, upon the occurance of certain events, such as the suspension of trading on any of the New York Stock Exchange, the London Stock Exchange, Euronext Brussels or Euronext Amsterdam or a material adverse change in or affecting the Issuer's financial condition or business affairs or in the financial markets, and certain other events, the Underwriters will have the right to withdraw from the Underwriting Agreement and Offering before the delivery of the Shares Offered, VVPR strips and Offering Warrants.

2.8. Over-allotment Option and stabilisation

Within the context of the Offering, the Joint Global Coordinators can exercise the Over-allotment Option and, as of the Listing Date, until 30 days thereafter, execute transactions with a view to stabilise the market price of the Shares or maintain it at levels above those that could or might otherwise prevail in the open market. These transactions, should they occur, may be executed on Eurolist by Euronext Brussels and/or Eurolist by Euronext Amsterdam, in the over-the-counter market or in some other manner. There are no assurances that such stabilisation will be undertaken and, should this, indeed, be the case, such stabilisation may be discontinued at any given moment, which will happen in any event 30 days following the Listing Date.

In the event that the Joint Global Coordinators should create a short position in the Shares, they can reduce this short position by buying Shares in the open market or, as indicated, through their whole or partial exercise of the Over-allotment Option. The purchase of Shares by the Joint Global Coordinators for the purpose of stabilising the share price may lead the market price of the Shares to reach a higher level than it might reach in the absence of such purchases. Neither the Issuer nor the Joint Global Coordinators are hereby making any representation or offering a prediction as to the direction or the magnitude with respect to any consequence which the transactions, as described above, could or might exert on the market price of the Shares.

Within a week from the end of the stabilisation period, and pursuant to Article 5 § 2 of the Royal Decree of 17 May 2007, the following information will be published in accordance with Article 6 of said Royal Decree: (i) whether or not stabilisation action took place, (ii) the date on which the stabilisation action commenced, (iii) the date on which the last executed stabilisation action took place, and (iv) the Offer Price Range within which the stabilisation took place for each and every date during which stabilisation transactions were executed.

The Joint Global Coordinators may choose to reduce any short position by a full or partial exercise of the Over-allotment Option. This Over-allotment Option can be exercised from time to time on or before the 30th day after the Listing Date. The Over-allotment Option consists of an option that can only be exercised to cover over-allotments, should these occur. The possibility to over-allot Shares in the Offering and to exercise the Over-allotment Option shall exist irrespective of whether or not the Offering has been wholly subscribed for.

The Selling Shareholder granted to the Joint Global Coordinators the Over-allotment Option exercisable from time to time on or before the 30th day after the Listing Date, as well as a stock lending (*verbruiklening van effecten*) in relation to up to 15% (equal to up to 2,968,144 Existing Shares, which are not the same Shares as those sold in the

Offering) of the aggregate number of Shares sold in the Offering (excluding the Couckinvest Shares) with the sole purpose for the Joint Global Coordinators to cover over-allotments (if any). These Existing Shares will not have a separate VVPR strip. The number of Over-allotment Shares, together with the Offer Price, will be published in the financial press in Belgium.

In consideration of the stock-lending and granting the Over-allotment Option, the underwriting agreement provides that 50% of the net profits or losses resulting from the aforementioned stabilisation will be allocated to the Selling Shareholder.

2.9. Lock-up arrangements

2.9.1. Introduction

Within the framework of the Offering, the Issuer, its Executive Committee, the Selling Shareholder, Couckinvest and the Contributors have entered into separate lock-up arrangements with the Joint Global Coordinators, the main terms of which are summarised hereinafter.

2.9.2. The Issuer

During a period of 180 days as of the Closing Date, the Issuer, except with the prior written consent of both Joint Global Coordinators (which shall not be unreasonably withheld or delayed), shall not (i) issue any shares, (convertible) bonds, warrants, profit-sharing securities or other securities, financial instruments or securities convertible into, exchangeable for or representing the right to receive any securities in the Issuer, or (ii) grant any options, financial instruments or contractual or other rights to subscribe for, or otherwise acquire, any of the aforementioned securities.

The Issuer's lock-up does not apply to (i) the issue and granting of warrants in accordance with Warrant Plan 1 and Warrant Plan 2, (ii) the issue of Shares following the exercise of Offering Warrants or the warrants issued in accordance with Warrant Plan 1 or Warrant Plan 2 (or both) and (iii) the issue of new shares in the Issuer for the purpose of acquisitions by the Issuer so long as such shares do not in the aggregate exceed 10% of the fully diluted share capital of the issuer immediately following the Offering and provided that such recipients of shares first agree to be bound by the lock-up agreement by executing a legally valid, binding and enforceable agreement on the same terms.

2.9.3. Omega Pharma

During a period of 360 days as of the Closing Date, Omega Pharma, except with the prior written consent of both of the Joint Global Coordinators (which shall not be unreasonably withheld or delayed), shall not, directly or indirectly, whether by one or more transactions, on or off the exchange markets, offer, sell, contract to sell, loan, solicit any offer to buy, grant an option on, enter into contractual or other rights to subscribe for, or otherwise acquire, enter into a derivative (cash settled or otherwise) with respect to, or otherwise (attempt to) transfer or dispose of, or accept the Company to issue any shares, (convertible) bonds, warrants, profit-sharing securities or other securities, financial instruments or securities convertible into, exchangeable for or representing the right to receive any securities in the Issuer.

Omega Pharma's lock-up does not apply to the transfer of any of the aforementioned securities (i) in acceptance of a public take-over bid for the Issuer, (ii) to one or more affiliated persons (within the meaning of section 11 of the Belgian Companies' Code) of Omega Pharma, provided that any such affiliated person enters into similar lock-up arrangements with the Joint Global Coordinators, or (iii) to the Joint Global Coordinators within the specific framework of the Over-allotment Option.

During the last 180 days of this 360-days lock-up period, the lock-up obligations of Omega Pharma do not apply to an organised sale of any of the aforementioned securities initiated by Omega Pharma and organised with the consent of the Joint Global Coordinators, who will have a right of first refusal to organise such organised sale. Further, during the same period, the lock-up obligations of Omega Pharma do not apply to a transfer of any of the aforementioned securities within the framework of a private and bilateral sale, provided that the acquirer of the Securities enters into similar lock-up arrangements with the Joint Global Coordinators.

2.9.4. Executive Committee

During a period of 180 days as of the Closing Date, the members of the Executive Committee, except with the prior written consent of both of the Joint Global Coordinators (which shall not be unreasonably withheld or delayed), shall not, directly or indirectly, whether by one or more transactions, on or off the exchange markets, offer, sell,

contract to sell, loan, solicit any offer to buy, grant an option on, enter into contractual or other rights to subscribe for, or otherwise acquire, enter into a derivative (cash settled or otherwise) with respect to, or otherwise (attempt to) transfer or dispose of any shares, (convertible) bonds, warrants, profit-sharing securities or other securities, financial instruments or securities convertible into, exchangeable for or representing the right to receive any securities in the Issuer.

The lock-up of the members of the Executive Committee does not apply to the transfer of any of the aforementioned (i) in acceptance of a public take-over bid for the Issuer, or (ii) to one or more affiliated persons (within the meaning of section 11 of the Belgian Companies' Code) of any of the members of the Executive Committee, provided that any such affiliated person enters into similar lock-up arrangements with the Joint Global Coordinators.

2.9.5. Couckinvest

During a period of 180 days as of the Closing Date, Couckinvest shall not, directly or indirectly, whether by one or more transactions, on or off the exchange markets, offer, sell, contract to sell, loan, solicit any offer to buy, grant an option on, enter into contractual or other rights to subscribe for, or otherwise acquire, enter into a derivative (cash settled or otherwise) with respect to, or otherwise (attempt to) transfer or dispose of, or accept the Company to issue any shares, (convertible) bonds, warrants, profit-sharing securities or other securities, financial instruments or securities convertible into, exchangeable for or representing the right to receive any securities in the Issuer.

Couckinvest's lock-up does not apply to the transfer of any of the aforementioned (i) in acceptance of a public take-over bid for the Issuer, or (ii) to one or more affiliated persons (within the meaning of section 11 of the Belgian Companies' Code) of Couckinvest, provided that any such affiliated person enters into similar lock-up arrangements with the Joint Global Coordinators.

2.9.6. The Contributors

During a period of 180 days as of the Closing Date, the Contributors, except with the prior written consent of both Joint Global Coordinators (which shall not be unreasonably withheld or delayed), shall not, directly or indirectly, whether by one or more transactions, on or off the exchange markets, offer, sell, contract to sell, loan, solicit any offer to buy, grant an option on, enter into contractual or other rights to subscribe for, or otherwise acquire, enter into a derivative (cash settled or otherwise) with respect to, or otherwise (attempt to) transfer or dispose of, or accept the Company to issue, any shares, (convertible) bonds, warrants, profit-sharing securities or other securities, financial instruments or securities convertible into, exchangeable for or representing the right to receive any securities in the Issuer.

The Contributors' lock-up does not apply to the transfer of any of the aforementioned securities (i) in acceptance of a public take-over bid over the Issuer, or (ii) to one or more affiliated persons (within the meaning of section 11 of the Belgian Companies' Code) of any of the Contributors, provided that any such affiliated person enters into similar lock-up arrangements with the Joint Global Coordinators.

2.10. Costs and remunerations of intermediaries

The aggregate of the administrative, legal and audit costs as well as the costs of publications, printing of this Prospectus and the remuneration of the CBFA, are expected to amount to €2,200,000. Additionally, cost of advisors, management, underwriting and selling fees of the Underwriters and the fees payable to Euronext Brussels and Euronext Amsterdam are expected to be approximately 2.8% of the Offering (assuming the Over-allotment Option is fully exercised and a discretionary fee of 0.65% is taken into account). The cost of the sale of Existing Shares will be borne by the Selling Shareholder whereas the cost of issuing New Shares will be borne by the Issuer. Consequently, and assuming a full exercise of the over-allotment option and full payment of the discretionary fee, Omega Pharma will be bearing 77.3% of the aggregate costs which corresponds to the proportion of existing shares in the total offering, while Arseus will be bearing the remaining 22.7% (i.e. proportion of new shares in the offering) of the aggregate costs.

2.11. Financial service

The financial service for the Shares will be provided in Belgium by KBC Bank NV and in the Netherlands by Kempen & Co. Should the Issuer alter its policy in this matter, this will be announced in the Belgian financial press and on the website of the Issuer and Omega Pharma.

2.12. Legislation and competent courts

The Offering is subject to Belgian law. The courts and tribunals of Brussels have sole jurisdiction should any dispute arise in relation to the Offering.

3. USE OF PROCEEDS

The Issuer intends to use the net proceeds of the Offering to support Arseus's growth, to increase its capitalisation and financial flexibility, as well as for general corporate purposes. More specifically, the Issuer intends to use the net proceeds of the Offering to:

- continue to pursue the buy-and-build strategy (see also Section 6.4.3);
- drive geographic expansion to become a pan-European market leader (see also Section 6.4.4); and
- strengthen the financial structure of the Issuer.

The Issuer's board of directors and the Executive Committee will determine, at their sole discretion and without the need for shareholders' approval, the amounts and timing of the Issuer's actual investments, which will depend upon numerous factors, including trends and opportunities in the professional healthcare market, and the amount of proceeds actually raised in the Offering. The Issuer is constantly evaluating opportunities to acquire businesses that it believes are complementary to its business activities. The Issuer has not yet determined the amounts it plans to spend on any of the areas listed above or the timing of these investments. Accordingly, the Issuer will have significant flexibility and broad discretion to allot and use the net proceeds resulting from the Offering.

4. DIVIDEND POLICY

The Issuer intends to adopt a progressive dividend policy which will take into account the profitability of the business and any underlying growth, as well as its capital requirements and cash flows, while maintaining sufficient liquidity for pursuing its buy-and-build strategy. Accordingly the Issuer expects to reinvest the majority of its free cash flow in the next few years and to pay out a relatively low, steadily increasing level of dividends to its shareholders.

Any issue of dividends will be based upon the Issuer's future earnings, financial condition, cash needs, capital adequacy, compliance with applicable statutory and regulatory requirements, general business conditions and other factors considered as important by the Issuer's board of directors. This policy may change over time. Belgian law and the Issuer's articles of association do not require a shareholders' meeting to declare dividends.

5. THE PROFESSIONAL HEALTHCARE MARKET

5.1. Overview

The professional healthcare market involves the supply of products and services to physicians, pharmacists, dentists, hospitals, elderly care homes, nurses and other healthcare professionals. Healthcare professionals and institutions utilise a vast array of highly specialised products including, for example, medical and surgical equipment and consumables, laboratory apparatus, hospital beds, wheelchairs, diagnostic products, pharmaceutical raw materials, dental instruments and supplies, and customised software. Specialised services provided to professionals in the healthcare industry include, for example, practice management, customised information technology solutions, equipment installation and repair, and pharmaceutical compounding. This market's typical customer profile of a highly educated and often independent medical professional allows Arseus to differentiate itself by providing customers with value-added total solutions that facilitate operationally and economically optimal patient care.

Demographic changes are expected to continue to drive growth of the European professional healthcare market over the coming decades, as the population ages. The proportion of the population of the European Union aged over 65 is projected by Eurostat to increase from 15.9% in 2006 to 28.6% in 2050. Consumption of healthcare products and services increases dramatically with age, with the over 65 age group accounting for a substantial majority of total healthcare consumption.

Other key drivers of expenditures by European healthcare professionals include technological innovation creating new or improved therapeutic or diagnostic equipment and procedures, increased public healthcare awareness, an increased focus on aesthetics, general economic welfare, and the growth of third party healthcare insurance coverage. Factors partially offsetting these drivers include increasing efficiency and effectiveness in the provision of healthcare, and governmental healthcare cost containment efforts.

The market for professional healthcare products and services can be segregated into discrete categories, of which Arseus is currently active in the pharmaceutical compounding, dental, medical, and healthcare IT markets. Management believes these market segments have strong and stable fundamentals and attractive growth potential, and that their highly fragmented nature in Europe offers Arseus the opportunity to continue to lead the consolidation of these markets through its proven buy-and-build strategy. This strategy has enabled Arseus to capture the customer relationship and operational efficiency benefits of greater geographic reach and integrated infrastructure and back-office functions.

5.2. Pharmaceutical compounding market

Pharmaceutical compounding is the creation of a customised medication by a pharmacist by combining active pharmaceutical ingredients (APIs) with excipients on a personalised patient basis. In the European Union, pharmacists have the right to dispense such custom-made medications without the requirement for any regulatory approval of the final formulation. The great majority of such pharmacy-prepared pharmaceuticals are in response to a physician prescription, although they can be OTC products depending on the regulatory status of the relevant APIs. In smaller pharmacies, compounding is typically a manual process performed using equipment such as scales, beakers and pipettes, whereas larger pharmacies may have highly automated production lines to improve efficiency and quality. In addition to equipment and raw materials, the pharmaceutical compounding products market includes packaging products such as bottles, blister packs, vials, and boxes. According to the European Federation of Pharmaceutical Industries and Associations (EFPIA), the European pharmaceutical market totalled approximately €197.0 billion in 2006. Management believes that pharmaceutical compounding comprises approximately 1.0% of the European pharmaceutical market by value, implying a European pharmaceutical compounding market of approximately €2.0 billion at retail prices. The share of the total pharmaceutical market represented by compounding varies by country; for example, in the Netherlands pharmaceutical compounding comprised approximately 1.3% of the total pharmaceutical market by value in 2005, according to Stichting Farmaceutische Kengetallen (SFK). Due to their lower average price relative to regulatory approved pharmaceuticals, compounded pharmaceuticals represent a larger share of the total market by number of prescriptions; for example, according to SFK, in the Netherlands compounded pharmaceuticals represented approximately 4.8% of the total prescriptions in 2005. Management believes that the European market share of compounded pharmaceuticals, by both prescriptions and value, has increased in recent years and will continue to increase for the foreseeable future.

There is a substantial need for highly customised medications not marketed by pharmaceutical manufacturers under a standard pharmaceutical regulatory approval process. There are a vast number of different medications and pharmaceutical formulations manufactured by pharmacists on an individualised patient basis, but the need for most such customised medications is situation-specific and the demand insufficient to economically justify the pursuit of

regulatory marketing approval. The significant portion of the patient population requiring customised medications compounded by a pharmacist includes, among others, many older or incapacitated patients who may have difficulty taking standard available formulations (such as pills or capsules) of their required pharmaceuticals, patients with allergies to certain preservatives or colouring agents used in standard approved formulations, patients who are sensitive to standard drug strengths, and patients on burdensome combination therapy regimes, such as many HIV and cancer patients. Patient non-compliance with approved formulations is a primary driver of pharmaceutical compounding; by formulating a pharmaceutical with a specialised delivery mechanism, compounding a medication without certain allergens, altering a drug's dosage strength, combining multiple pharmaceuticals in a single medication to simplify a dosing regime, or even simply improving the flavour of a medication, pharmacists can solve patient-specific issues to improve treatment compliance. Management believes that pharmacists increasingly view their unique ability to dispense compounded products as a differentiating factor by which to compete with drug store chains and other non-pharmacy pharmaceutical retailers.

In addition to the demand for pharmaceutical compounding of customised final formulations that have not been through the regulatory approval process, there is also demand for compounding of products that have been approved but are no longer manufactured and marketed by a pharmaceutical manufacturer. For certain formulations of approved branded and generic drugs, as they near the end of their product life cycle it becomes uneconomical to continue their manufacture and marketing. There may, however, remain residual need or demand for these medications, which demand can be satisfied through pharmaceutical compounding. It is sometimes possible for larger pharmaceutical compounding providers, such as Arseus, to negotiate exclusivity terms for such drug formulations with the previous manufacturer or license-holder. Indeed, Arseus's geographic reach and high quality compounding capabilities position it as a partner-of-choice to pharmaceutical companies seeking to maintain the supply of smaller and lower margin products for ethical reasons. A final source of demand for compounded pharmaceuticals derives from their price competitiveness. Management believes that throughout the EU, compounded pharmaceuticals are becoming increasingly utilised as cheaper alternatives for many prescription and even OTC medications.

Pharmacists are authorised[3] to formulate medications within their pharmacy premises. Dispensed drugs are typically compounded in accordance with standard formularies and are then packaged as required. The European Agency for the Evaluation of Medicinal Products (EMEA) does not impose any additional requirements on pharmacies with regards to pharmaceutical compounding. However, it is the responsibility of pharmacies to ensure that modified formulations are safe for consumption. While Good Manufacturing Practice (GMP) standards are not required, the quality and expertise requirements make it less practical for smaller retail pharmacies to economically perform compounding operations in-house. Consequently, there is increasing demand from pharmacies for outsourced pharmaceutical compounding services. As pharmaceutical compounding must take place within a licensed pharmacy, specialised compounding pharmacies have developed to centralise compounding activities for greater cost-efficiency. These compounding service pharmacies provide compounded products to those dispensing pharmacies (i.e. standard retail pharmacies) that choose not to perform compounding in-house. With the increase in the large-scale provision of centralised pharmaceutical compounding services, management believes that the intellectual property associated with compounding formularies is becoming increasingly valuable. Therefore, compounding service pharmacies are increasingly seeking to register their proprietary formularies. While currently such formularies are typically provided free of charge by the likes of Arseus to dispensing pharmacy customers, management believes that in the future the pharmaceutical compounding market may move towards licensing out such formularies for a fee, thereby generating a new source of revenue. With respect to reimbursement, while this varies from country to country, generally in the EU the reimbursement for prescribed compounded pharmaceuticals under the various national healthcare systems is sufficient to fully cover the price of such medications.

According to management's estimates, the potential customer base for pharmaceutical compounding includes approximately 100,000 pharmacies in the markets in which Arseus's pharmaceutical compounding division, Fagron, currently operates. In addition to standalone pharmacies, the target customer base also includes hospitals given that they typically contain pharmacies.

Management believes that the sustained growth potential of the European pharmaceutical compounding market is underpinned by strong compounding-specific trends, complementing demographic and other trends driving the overall pharmaceutical market. While the overall European pharmaceutical market grew at an average annual rate of approximately 3.8% from 2002 to 2006 (according to EFPIA), the European generic pharmaceutical market grew at an average annual rate of approximately 18.9% over this period, according to Datamonitor, to reach €13.8 billion in 2006. The generics market has certain key drivers in common with the pharmaceutical compounding market,

[3] Under Directive 2001/83/EC of the European Parliament and of the Council of 6 November 2001 on the Community code relating to medicinal products for human use (as amended)

including benefiting from an increasing focus on healthcare cost containment, as well as more APIs coming off patent, thereby increasing the opportunities for generic and compounded drugs. Additional trends driving the pharmaceutical compounding market include an increasing prevalence of allergy (according to a 2006 European Commission report, allergy prevalence in Europe has increased from approximately 15% of the population in 1995 to over 30% in 2005 and is projected to approach 40% by 2010), a growing demand for personalised medications in certain niche product categories such as dietary and nutritional products and government spending cuts on the reimbursement of marketed pharmaceutical specialties.

The European pharmaceutical compounding market is very fragmented, with predominately local or national providers supplying raw materials and equipment to standalone dispensing pharmacies and local compounding pharmacies. Management believes that Fagron is one of the few players with operations in multiple European countries, has the largest overall share of the European market, and is the market leader in the Netherlands, Belgium, Germany, Italy and Spain. Furthermore, management believes that Fagron is one of a great minority of industry players to have GMP-compliant pharmaceutical compounding facilities, thereby not only preparing Fagron in case of regulatory tightening, but also providing significant competitive differentiation in terms of product and service quality.

5.3. Dental products market

The dental products market includes dental equipment and instruments, dental consumables, dental implants, and technical services. The European dental products market (excluding metal plants) totalled approximately €4.7 billion in 2006, according to the Association of Dental Dealers of Europe and the Federation of the European Dental Industry (ADDE and FIDE, respectively). Consumables represented approximately 62% of this overall market, with equipment and instruments representing 28%, technical services representing 7% and other products comprising the remaining 3%. The key customer groups for dental products are dentists, who are typically independent healthcare professionals and dental laboratories, which assemble fixtures, abutments, artificial teeth, and other supplies that are used for dental procedures.

Germany is by far the largest dental products market in Europe, totalling approximately €1.9 billion in 2006, according to ADDE and FIDE, with Italy totalling approximately €856 million, France approximately €628 million, the UK approximately €374 million, Spain approximately €227 million, and the Netherlands approximately €206 million. In addition to a presence in Germany and France and a leading position in the Netherlands, Arseus is the largest player in Belgium, an approximately €77 million market that has grown at an average annual rate in excess of 10% from 2002-2006, according to ADDE and FIDE.

Dental equipment includes dental chairs, illumination systems, sterilisation units, bleaching equipment, imaging equipment and smaller tools such as drills, brushes, and extraction tools. Dental equipment is the most profitable sub-segment with sales dependent on maintaining close relationships with customers and a range of top brands preferred by dental professionals. Holding the right portfolio of brands is important because dentists tend to remain loyal to those equipment brands on which they were trained. Dental equipment manufacturers include Soredex, A-dec, Cefla Group and Ivoclar Vivadent, among others. Marketing to dentists is usually a combined effort between the manufacturer and the suppliers, with the latter providing premises for training and the former providing the equipment and training staff. A key growth driver for this segment is product innovation focussed on improving the customer experience and productivity; therefore close marketing collaborations with the manufacturers is critical for the successful roll-out of new equipment lines.

Dental consumables encompass a wide array of products including filling material, orthodontics, prosthetics, tissues, cleaning products, dental-specific pharmaceuticals (such as anaesthetics and antiseptic mouthwashes), and high-precision metal components such as screws and dental plates. With the exception of certain high value product categories such as high-precision components, the consumables segment is generally a high-volume low-margin business where most players compete on price and delivery speed.

The dental implant market is the fastest growing of all dental sub-segments, driven by increased demand for cosmetic dentistry and the quicker recovery times made possible by new technologies and procedures. Innovations in customised implants, which in turn drive the market for peripheral products and services, present further opportunities for Arseus Dental to provide value-added services and continue to build its reputation as a total solutions provider.

Technical services, such as the installation and maintenance of dental equipment, represent another area where Arseus Dental can differentiate itself with its high quality service and total solutions approach.

Key growth drivers for the European dental market include an increased focus by customers on dental aesthetics combined with new technologies that allow dentists to offer convenient cosmetic solutions, an aging population that

is keeping their teeth for longer, incremental increases in reimbursement of dental care and an increased focus on dental office productivity.

The European dental market is very fragmented with over 1,600 suppliers across Europe, according to ADDE and FIDE, with the majority of these businesses being locally or regionally focused and commonly family-owned.

5.4. Medical products market

The medical products market involves the supply of a wide variety of products and services to healthcare providers, including hospitals, elderly care homes, physicians' offices and surgeries, ophthalmologists, opticians and home care nurses, among others. Products range from surgical gloves to hospital beds and wheelchairs, diagnostic products to wound care. In order to manage supply procurement and logistical challenges, larger national customers have increasingly formed strategic relationships with national medical and surgical suppliers, such as Arseus. The traditional medical distribution role continues to evolve into a relationship assisting customers in efficiently managing their entire medical supply chain.

The European medical products market totalled approximately €60 billion in 2006, according to Datamonitor, and this is projected to grow to approximately €73 billion in 2011. However, a large proportion of this market comprises products that are distributed directly by the manufacturer rather than through independent distributors, particularly in segments such as in vitro diagnostics and orthopaedic implants. Additionally, a portion of the medical products market is distributed directly to consumers as opposed to healthcare professionals. In the Netherlands and Belgium, in which markets Arseus currently distributes medical products, the market totalled approximately €4.2 billion in 2006, and is expected to grow to approximately €5.3 billion in 2011.

The frequency of hospital stays increases rapidly above a certain age. A study by the European Network of Economic Policy Research Institutes (ENEPRI) of 1999 hospital admissions across eight key European countries found that on average approximately 33.0% of hospital stays involved patients aged over 65, a substantially greater proportion than this age segment represented of the population. Therefore the rapid aging of Europe's population will significantly drive growth of the market for medical products, for which hospitals are a key customer group. As the population ages the increasing utilisation of elderly care institutions, as well as professional home care, will further drive demand for these products. In addition to demographics, the market is further growing as a result of increased public healthcare awareness and healthcare insurance coverage.

The European medical products market is highly fragmented and largely comprised of smaller companies focused on either distributing a wide variety of products to a narrow universe of medical professionals, or distributing a limited number of products across various medical segments. A consolidating customer base is increasingly benefiting larger suppliers, who are better positioned to offer an extensive product range across multiple markets. Management believes that Arseus Medical is one of only a few suppliers in Europe offering such a wide range of products and solutions to such a broad variety of customers.

5.5. Healthcare IT market

Healthcare IT professional services cover the design, installation, implementation, training, maintenance and support of integrated IT systems customised to different groups of healthcare professionals. Typical healthcare IT solutions include practice management systems, electronic patient records, billing solutions, software for analysing diagnostic results, clinical management software, patient relationship management and interconnectivity with other parts of the healthcare delivery chain.

According to IDC, a leading independent research firm, the Western European healthcare IT market was approximately €6.7 billion in 2006 and is projected to grow on average 7.3% annually to reach €9.5 billion in 2011. The growth in healthcare IT services is driven primarily by a growing trend towards efficient healthcare management, supported by recent government initiatives focused on healthcare information technology modernisation, as well as European Commission guidelines such as those encouraging implementation of electronic patient records. In addition, governments and insurance companies are increasingly pushing for greater granularity in all kinds of healthcare data, such as patient data, physician practice costs and prescription trends. Furthermore, there is a strong recurring revenue component to the market, given the periodic need to integrate new modules with legacy systems, upgrade software to align with new operating system releases, and maintain and service installed systems. Management believes that the market is poised for strong growth in the near term as European governmental healthcare modernisation initiatives continue.

The European healthcare IT market remains very fragmented, with only a limited number of specialist providers of significant scale.

6. ARSEUS ACTIVITIES

6.1. Overview

Arseus is a leading provider of products and services to European healthcare professionals and institutions. The Group is active across numerous healthcare markets, including pharmaceutical compounding, dental products, medical and surgical products, and healthcare information technology. Arseus's customers span the spectrum of healthcare professionals, including pharmacists, dentists, physicians, nurses, hospitals, elderly care homes, and many others. As of 30 June 2007, Arseus had 1,354 employees in eight European countries, including Belgium, the Netherlands, Germany, France, Italy, Spain, Switzerland and the UK, and the Group markets certain of its products in three additional countries, Austria, Luxembourg and Portugal. In 2006, the Group achieved sales of €277.0 million, EBITDA before non-recurring items of €33.0 million and EBIT before non-recurring items of €26.3 million. For the first half of 2007, it achieved sales of €145.9 million, EBITDA before non-recurring items of €17.4 million and EBIT before non-recurring items of €14.3 million.

Arseus is a leading player in the European pharmaceutical compounding market and is also leading the consolidation of this highly fragmented €2.0 billion market. The Group's pharmaceutical compounding division, Fagron, develops and markets proprietary pharmaceutical compounding formularies, markets and distributes instruments and pharmaceutical raw materials for in-pharmacy compounding, markets and distributes Fagron-branded compounded pharmaceutical and cosmetic products to pharmacies and pharmaceutical wholesalers, provides third-party compounding services to pharmacies and hospitals, and provides specialty pharmaceutical raw materials to the pharmaceutical, nutraceutical, veterinary and cosmetic industries. In 2006, Fagron comprised 34.9% of Arseus's total sales and 49.1% of Arseus's total EBITDA before non-recurring items and corporate costs. For the first half of 2007, Fagron comprised 34.9% of Arseus's total sales and 48.0% of Arseus's total EBITDA before non-recurring items and corporate costs.

Arseus Dental is a leading player in the European dental products market. Arseus Dental markets and distributes dental equipment, instruments and consumables to dentists and dental laboratories. The division also manufactures high-precision components and instruments for the dental and orthopaedic industries, both under proprietary brand names and as an OEM supplier for third parties. In 2006, Arseus Dental comprised 38.9% of Arseus's total sales and 28.7% of Arseus's total EBITDA before non-recurring items and corporate costs. For the first half of 2007, Arseus Dental comprised 39.6% of Arseus's total sales and 29.5% of Arseus's total EBITDA before non-recurring items and corporate costs.

Arseus Medical is a leading marketer and distributor of a wide variety of medical, surgical, hospital and other healthcare products. In 2006, Arseus Medical comprised 17.1% of Arseus's total sales and 5.4% of Arseus's total EBITDA before non-recurring items and corporate costs. For the first half of 2007, Arseus Medical comprised 17.0% of Arseus's total sales and 6.8% of Arseus's total EBITDA before non-recurring items and corporate costs.

Arseus's healthcare IT business, Corilus, develops proprietary customised IT solutions targeted at numerous different healthcare professional groups, including pharmacists, physicians, dentists, veterinarians, elderly care homes, nurses, ophthalmologists, opticians and physiotherapists, among others. Corilus markets, installs and services its integrated IT solutions, comprising proprietary software together with complementary hardware. In 2006, Corilus comprised 9.1% of Arseus's total sales and 16.8% of Arseus's total EBITDA before non-recurring items and corporate costs. For the first half of 2007, Corilus comprised 8.5% of Arseus's total sales and 15.7% of Arseus's total EBITDA before non-recurring items and corporate costs.

6.2. History of Arseus

Arseus as a unified Group was created in 2006 by combining and integrating the professional healthcare (or B2B) businesses of Omega Pharma NV. Omega Pharma, which has been listed on the Brussels Stock Exchange since 1998, first entered the professional healthcare market in 1989 with the provision of raw materials to pharmacists in Belgium for pharmaceutical compounding. The four businesses that currently comprise Arseus have been built through a focused buy-and-build strategy since 1998, complemented by strong internal growth. Over this period, Arseus has both consolidated its market share in existing markets and expanded into new markets via both acquisitions and greenfield operations. The Group's most recent acquisitions have included the 2006 acquisitions of three dental businesses that expanded its presence into the French dental market and expanded its high-precision manufacturing operations in Switzerland, and the 2007 acquisition of Polichimica, a leader in the Italian pharmaceutical compounding market, thereby expanding Arseus's operations into Italy. Arseus intends to continue consolidating its target segments of the European professional healthcare market and expanding its geographic presence throughout Europe.

6.2.1. The pursuit of a buy-and-build strategy

Omega Pharma's professional healthcare businesses have been built through a focused and active buy-and-build strategy, targeting selective acquisitions to expand into new professional healthcare segments and new geographic markets, as well as to consolidate market positions in existing markets. Acquisition targets have been selected where Omega Pharma/Arseus feels it can add its expertise to optimise the growth and operational performance of target businesses, and consequently the acquisitive growth of Omega Pharma's professional healthcare businesses has historically been complemented by strong organic growth. Through its pan-European professional healthcare consolidation strategy, the businesses now organised within Arseus have expanded from their original limited position providing Belgian pharmacists with pharmaceutical raw materials to its current position as a European market leader spanning eight countries and multiple segments of professional healthcare, including pharmaceutical compounding, dental, medical and healthcare IT.

Key milestones in Arseus's buy-and-build strategy include:

- the 1998 creation of OmegaSoft (now Corilus) through the acquisitions of Competel Pharma Systems, Competel Software Development, ICS, Farmix, Cogestic and A2I, and the signing of collaborative agreements with IMS Health and Belgacom;
- the 1998 significant consolidation of the pharmaceutical compounding market in Belgium, including the acquisitions of Interphar, Erco 2000, ACA Pharma, Discap and De Coninck;
- the 1999 creation of Omega Dental (now Arseus Dental), through the acquisitions of ABC Dental Group, Servidental, OHC, JJ Maes-Sygma, Dental Group 2000 and the Lamoral Group;
- the 2000 entry into the Dutch pharmaceutical compounding market through the acquisition of Fagron, further supplemented with the acquisitions of Dutch pharmaceutical compounding businesses Spruyt-Hillen and Bufa later that same year;
- the 2002 creation of Omega Medical (now Arseus Medical), through various acquisitions in Belgium and the Netherlands, including Van Hopplynus Ophtalm, HCC, Distribal, Nova Medica, Medical Quick Supplies and Schinkel Medical;
- the 2002 acquisitions of several Belgian healthcare IT businesses, dental businesses including Alphadent in Belgium and Oudheusden Dental in the Netherlands, and pharmaceutical compounding businesses including Synopharm in Germany and Roig Farma in Spain;
- the 2003 entry into the German dental market through the acquisition of Multident GmbH;
- the 2006 acquisition of Liengme, expanding Arseus Dental's high-precision dental component manufacturing operations in Switzerland;
- the 2006 entry into the French dental market through the acquisitions of Eurotec Dental and Besserat; and
- the 2007 entry into the Italian pharmaceutical compounding market through the acquisition of Polichimica.

6.2.2. Arseus carve-out

By 2005, the four professional healthcare businesses within Omega Pharma had each attained the critical size and market position such that the Omega Pharma management and board of directors believed that the integration of these businesses within a separate unified Group would facilitate more optimal performance across all such businesses. As such, in 2005, the decision was taken to separate the professional healthcare businesses from Omega Pharma's core OTC pharmaceutical businesses, to enable the two disparate types of business to maintain a focus on optimising their respective performance, as well as to provide the professional healthcare businesses (now Arseus) with direct access to capital to allow it to continue its growth strategy on a standalone basis.

The first phase of this process, implemented in 2006, was focused on the consolidation of the four professional healthcare businesses into a single group and management structure, and the development of a new corporate strategy and business model for the new group. The second phase, being implemented in 2007, has been focused on the implementation of this new strategic roadmap to begin to realise the full potential value of the integrated business platform through cost synergies and the sharing of best practices across business units. In order to successfully implement the new total solutions service model across all business units, the heads of the most customer-focused businesses were selected to lead the new Arseus group. While continuing to drive increasing cost and operational benefits of a newly integrated platform, the Group is currently undertaking the final phase of the process, which involves carving out Arseus as an autonomous Group with its own public shareholders.

The extensive restructuring process that has been undertaken since 2006 has included the development and implementation by Arseus's management of the new strategic roadmap, introducing best practices and the total solutions service model across all of Arseus's business lines. This restructuring has included the integration of the different businesses within a single organisation, the consolidation of facilities and back-office functions across the businesses to gain operational efficiencies, the termination of unprofitable distribution agreements, and the improvement of the effectiveness and efficiency of the sales and marketing operations, all to position Arseus for sustained profitable growth. Significant achievements have already been accomplished in this restructuring, and management believes that there are still significant further operational and financial benefits to be achieved by continued implementation of restructuring initiatives.

In addition to the inward facing restructuring efforts, Arseus remains focused on building out its portfolio and reach. To this end, Arseus has reinvigorated its buy-and-build strategy, with the acquisitions of three dental businesses in 2006 and the acquisition of a pharmaceutical compounding business thus far in 2007.

6.3. Competitive strengths

Management believes that numerous factors differentiate Arseus from its competitors and provide competitive advantages, including the following key attributes.

6.3.1. Leadership across multiple professional healthcare markets in multiple countries

Arseus focuses exclusively on serving healthcare professionals. As such, the Group is a leading player in the European pharmaceutical compounding, dental, medical, and healthcare IT segments. Within each of these segments Arseus is active in multiple European countries, which presence it intends to expand further. Most of Arseus's competitors are smaller local or national players, with activities limited to a single market segment. The Group's more extensive and expansive operations bring numerous advantages, including the sharing of best practices, market intelligence and customer insights across business units and across geographic markets. Presence in multiple geographic markets also enhances Arseus's position as a partner-of-choice to win exclusive and long-term distribution agreements with leading manufacturers. Arseus is furthermore leading the evolution of the Group's target segments, from a historical market model that focused on the simple distribution of products, to the Arseus model, which focuses on providing customers with total integrated solutions that enable them to focus more of their time and attention on providing high quality care to their patients and customers. Management believes that the value-added nature of such total solutions is becoming yet more important as healthcare professionals increasingly look to limit their number of suppliers. Within this context, management can achieve significant cross-selling between certain areas of the Group's businesses. Particularly, management intends to proactively cross-sell Corilus's healthcare IT solutions to the customers of Arseus's other divisions. Finally, the integration across businesses of facilities and back-office functions on a national level improves Arseus's operational performance, and also streamlines the cost base, enhancing the Group's competitiveness in the provision of products and services.

6.3.2. Focus on high quality products and services

Arseus maintains a strong focus on delivering the highest quality of products and services. Its customers are highly educated healthcare professionals, and therefore product and service quality is of paramount importance. Fagron's pharmaceutical compounding facilities are GMP — compliant — meeting a manufacturing quality standard that is according to management neither required in the pharmaceutical compounding market nor achieved by most of Arseus's competitors. Arseus Dental offers a rapid repair service for essential instruments, provides a complete installation service for dental equipment, intends to implement an e-business application to accelerate the delivery of dental consumables, and has diversified into the value-added manufacture of high-precision components and instruments. Arseus Medical delivers a high quality service through rapid order processing and product delivery, and Corilus maintains a strong focus on providing solutions that are specialised to different types of healthcare professionals. Arseus's focus on providing its customers with total integrated solutions, which allow them to better focus on providing high quality care, is a natural extension of the Group's focus on the provision of quality services. Additionally, Arseus offers its customers specialised training and education related to the products and services it provides, thereby enhancing the quality and convenience of its total integrated solutions.

6.3.3. Focus on innovation

Arseus has developed a strong capability for building deep customer relationships and developing valuable customer insights in order to proactively satisfy unmet customer needs with innovative products and services. Innovation is actively promoted by an incentive scheme that rewards each business's management if they deliver at

least 10% of annual sales from new products or services. This focus on innovation contributes to Arseus's goal of providing the varied spectrum of healthcare professionals with total integrated solutions that facilitate their provision of quality patient care, and helps Arseus to maintain market leadership by continually strengthening customer relationships.

6.3.4. Track record as a consolidator

Arseus has a proven ability to identify, execute and integrate strategic acquisitions to build, expand and strengthen each of its professional healthcare businesses. This buy-and-build strategy has facilitated not only the consolidation of market segments and geographies in which Arseus is already present, but also expansion into new professional healthcare segments and geographic markets. The Group leverages its businesses' operational management teams to identify and analyse acquisition candidates, enabling management to select targets from an extensive database of well-researched opportunities recommended by operationally-focused managers who will contribute significantly to post-deal integration. Arseus constantly evaluates opportunities, and intends to continue employing an acquisition program as a key component of its growth strategy to consolidate the European professional healthcare market.

6.3.5. Experienced and proven management

Arseus's CEO, Ger van Jeveren, founded Fagron in 1990 and through innovation and a focus on quality, he built it into a market-leading pharmaceutical compounding business that was acquired by Omega Pharma in 2000. Under Omega Pharma's ownership, Mr. van Jeveren has continued to drive the development and growth of this business, establishing Fagron at the forefront of the European pharmaceutical compounding market in providing high quality, integrated solutions to pharmacists and hospitals. He has built a business that has consistently achieved superior growth and profitability, and a platform ideal for continuing its proven buy-and-build strategy. Mr. van Jeveren has begun implementing across the Arseus businesses the concepts and practices that have enabled Fagron to be successful.

Arseus's CFO, Jan Peeters, spent eight years as CFO of Omega Pharma followed by four years as its deputy CEO, before assuming responsibility for the dental division as well as overall responsibility for the separation of Arseus from Omega Pharma's OTC pharmaceutical business. Mr. Peeters has been instrumental in the substantial developments in Arseus Dental over the past two years and in Arseus Medical over the past year, implementing best practices, operational excellence, and driving innovation. He has also been instrumental in the establishment of Arseus as a unified Group.

Arseus's Controller, Frank Verbakel, has over 10 years of experience with Omega Pharma and its divisions. He has been instrumental in the integration of acquired companies including the creation of a single integrated Fagron business unit out of 17 acquired companies.

In addition to their executive management roles, Mr van Jeveren and Mr Peeters maintain operational roles running three of Arseus's four business units — Fagron (Mr. van Jeveren), Arseus Dental and Arseus Medical (Mr. Peeters). This allows them to maintain a deep knowledge of the individual businesses and directly drive improved performance across the group through cross-pollination of ideas, shared best practices, and identification of cross-selling, cost-saving and other inter-divisional opportunities. Furthermore, they have presided over numerous acquisitions during their time with Arseus and its predecessors.

6.4. Strategy

Arseus aims to achieve sustainable growth by maintaining and extending its leadership of selected segments of the professional healthcare market on a pan-European basis, with a focus on providing total solutions to its customers that allow them to focus on providing optimal patient care. Arseus's key strategies to help achieve this goal include the following.

6.4.1. Focus on providing total solutions

Arseus aims to provide its customers with total integrated solutions to their needs, to enable them to spend more time and focus on their patients. Management believes that this superior level of service builds customer loyalty as well as captures greater sales per customer, while the value-added nature of offered solutions enhances profitability.

6.4.2. Leverage established presence in multiple market segments

Management believes that Arseus benefits by having operations in multiple segments of the professional healthcare market. By sharing best practices, market intelligence and customer insights, augmented by specific cross-selling

opportunities, Arseus can best satisfy customers and drive superior growth across all its businesses. Furthermore, management believes that the consolidation of facilities and back-office functions across Arseus's businesses and the implementation of centralised purchasing platforms will improve operational effectiveness and enhance profitability.

6.4.3. Buy-and-build strategy

Arseus intends to continue to lead the consolidation of the European professional healthcare market through a focused and active buy-and-build strategy, which complements organic growth. Historically, Arseus has been able to acquire complementary companies in its target market segments at what management believes to be attractive valuations. The Group has a strong focus on not only identifying and executing such acquisitions, but also of rapidly integrating them following acquisition, to retain acquired expertise and achieve any available operational synergies. The Group aims for acquisitions to be accretive within one year, exceptionally within two years. Arseus typically explores acquisition opportunities that facilitate growing market share in existing markets, or expansion of its divisions into new geographic markets; however, management is also willing to review acquisition candidates that would expand Arseus's presence into new segments of the professional healthcare market. Management intends to finance acquisitions with the net proceeds of the Offering (also see Chapter 3), ongoing cash flows, debt and/or through the issuance of new shares. In this respect, management aims to keep net debt lower than 3 to 3.5 times EBITDA.

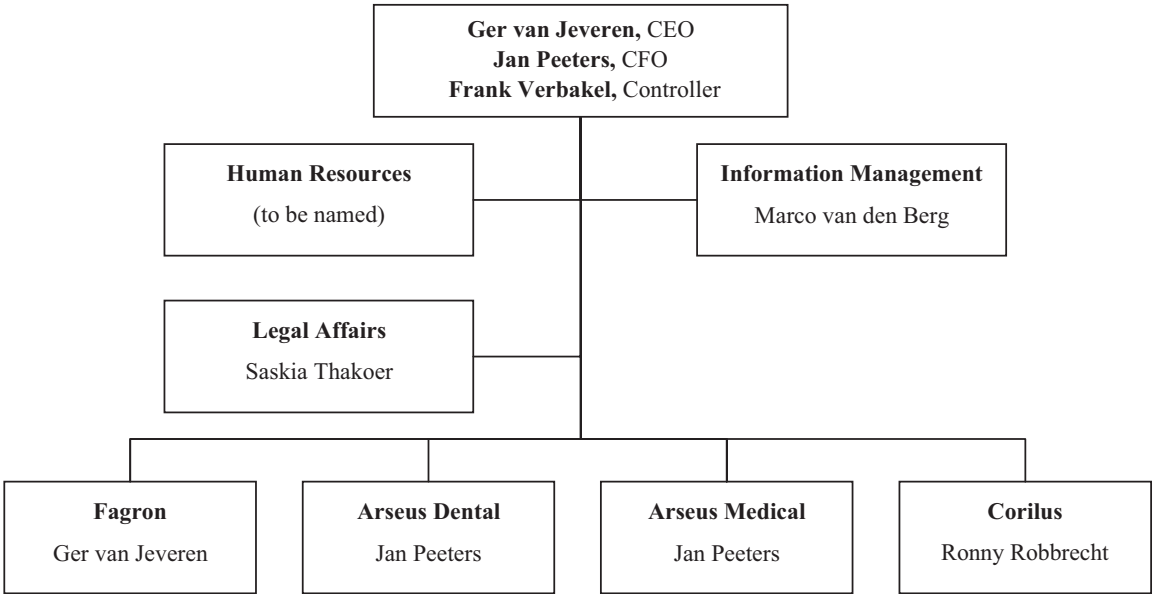
6.4.4. Geographic expansion to become a pan-European market leader

Arseus's objective is to expand from its current operational footprint in eight countries to achieve a truly pan-European market-leading presence, covering not only Western Europe but also Central and Eastern Europe. While management expects significant geographic expansion to result from its buy-and-build strategy, it also intends to pursue greenfield operations where they are deemed beneficial. Examples of Arseus's greenfield operations include Fagron's recent expansion into France and the UK.

6.4.5. Development of proprietary branded products

Arseus continuously assesses its markets to identify opportunities for developing and marketing its own brands in order to realise higher margins. For example, within pharmaceutical compounding, Arseus is currently seeking to leverage its leading Fagron brand to market new lines of dermatology products, and plans in the future to extend the Fagron brand to cover the Group's recently acquired Italian pharmaceutical compounding operations, in order to accelerate the Group's growth in this market. Successful product brands have also been developed in each of Arseus's other divisions, such as Ceka-Preciline in Arseus Dental, Texa in Arseus Medical, and Greenock in Corilus. Furthermore, management intends to develop Corilus into an umbrella brand, conveying consistently high quality across all the Group's healthcare IT solutions.

6.5. Organisational structure



6.6. Overview of operations

As of 30 June 2007, Arseus had 1,354 employees corresponding to 1,274 full-time equivalents in eight European countries: Belgium, the Netherlands, France, Germany, Spain, Switzerland, Italy and the UK. While Arseus is centrally managed, it is structured into four business units: Fagron, Arseus Dental, Arseus Medical and Corilus, respectively representing 34.9%, 39.6%, 17.0% and 8.5% of sales for the first half of 2007. In order to achieve greater operational effectiveness and efficiency, back-office functions and facilities are organised on a geographic basis and shared across Arseus's business units and centralised purchasing platforms have been implemented. Front-end functions such as sales and marketing are generally organised by business unit, to achieve greater customer focus and responsiveness due to the highly specialised nature of each of Arseus's lines of business. However, Arseus is in the process of implementing a customer-oriented e-business platform that will be integrated across the Group and will complement the traditional modes of sales and service.

6.6.1. Fagron

Fagron is a one-stop-shop for pharmaceutical compounding products and services. Fagron develops and markets proprietary pharmaceutical compounding formularies, markets and distributes instruments and pharmaceutical raw materials for in-pharmacy compounding, markets and distributes Fagron-branded compounded pharmaceutical and cosmetic products to pharmacies and pharmaceutical wholesalers, provides third-party compounding services to pharmacies and hospitals, and provides specialty pharmaceutical raw materials to the pharmaceutical, nutraceutical, veterinary and cosmetic industries. Fagron currently has operations in the Netherlands, Belgium, Germany, France, Spain, Italy, and the UK, and also markets its products in Austria, Luxembourg and Portugal.

Pharmaceutical raw materials and compounded products comprised approximately 40% of Fagron's 2006 sales, with packaging materials and equipment comprising approximately 35%, third-party compounding services comprising approximately 15% and specialty raw materials to industry clients comprising the remaining approximately 10%. Fagron's product range includes over 2,000 high quality pharmaceutical raw materials, available in over 3,000 conditioning formats. In addition to pharmaceutical raw materials, Fagron provides semi-finished goods used in pharmaceutical compounding such as distilled water, basic solutions, powder mixes, and cream and ointment bases. Fagron also supplies its compounding customers with a wide range of pharmaceutical packaging materials, including bottles, vials, blister packs and boxes, as well as equipment used by pharmacists to perform compounding, such as weighing balances, pestles and mortars, and packaging equipment such as capsule machines. Fagron's compounding products cover a broad spectrum of therapeutic areas, with particular strengths in dermatology, geriatric medication, and dietary products.

With its focus on innovation and the provision of optimal solutions for its customers, in 2003 Fagron vertically integrated to provide third-party pharmaceutical compounding services. These services provide pharmacy

customers with compounded pharmaceutical products on a made-to-order basis, and are primarily provided to smaller dispensing pharmacies that may choose not to perform compounding activities in-house due to the resources and expertise required to manufacture high quality compounded pharmaceuticals. By outsourcing pharmaceutical compounding activities to Fagron, such pharmacies are able to focus on their dispensing and retailing activities while continuing to offer value-added compounded pharmaceutical products to their customers. Fagron has established two large scale compounding pharmacies in the Netherlands to provide these outsourced services, and intends to roll out this service throughout its geographic markets.

In 2005, Fagron leveraged its established position and expertise in providing pharmaceutical raw materials to further expand its range of products and services by supplying larger orders (up to 500kg) of specialty pharmaceutical raw materials to corporate clients in the pharmaceutical, nutraceutical, veterinary and cosmetic industries.

Fagron has developed an extensive portfolio of proprietary formularies detailing the raw material inputs and procedures for the standardised compounding of finished medications. These ensure consistency in the ready-to-use compounded medications that Fagron markets to its pharmacy customers. Furthermore, Fagron provides these formularies free-of-charge to its raw material customers that conduct their own in-house compounding, as a value-added service to build customer loyalty. Fagron typically registers its most commercially promising internally developed formularies, which could have the potential to provide an additional revenue stream in the future. Management believes that Fagron maintains, and provides its compounding pharmacy customers with access to, the largest European archive of compounding raw material data, including both compounding formularies and also API drug master files.

Complementing its focus on providing optimal solutions for its customers, Fagron maintains a reputation for high quality products and services. Although pharmaceutical compounding is relatively lightly regulated in the EU, requiring only a pharmacy license to manufacture and dispense compounded medications, Fagron maintains GMP-compliant facilities, thereby surpassing both the quality standards required in the industry and the standards maintained by most competing compounding operations. Fagron's plants provide a sterile, highly automated, and highly specialised environment for its compounding operations and for conditioning pharmaceutical raw materials for distribution to pharmacies. Fagron provides certificates of analysis and material safety data sheets, accessible to its customers online, to testify to the composition and quality of its compounded products and pharmaceutical raw materials. Furthermore, Fagron's logistics operations, including warehouses in the Netherlands, Belgium, Germany and Spain, are GMP and GDP compliant and subject to regular quality audits. By maintaining higher standards than required by EU regulation, Fagron is well positioned should there be any regulatory tightening in the future.

Fagron markets its products through a dedicated commercial team that includes 141 specialised customer-facing employees that includes sales representatives spread across Fagron's geographic markets, calling on pharmacies, hospitals, wholesalers and industry clients, complemented in some countries with exclusive agents and distributors. This traditional sales effort is enhanced by a medical education team, currently present in the Netherlands, Belgium, Germany and Spain, that calls on general practitioners and paediatricians to help drive prescriptions of compounded pharmaceuticals. Fagron's customer service and support organisation further includes pharmaceutical compounding training personnel. In addition to these commercial activities focused at the customer site, Fagron also maintains an e-business platform for convenient catalogue orders, and specialised call centres to provide support to pharmacists, hospitals, general practitioners and other physicians, and industry clients.

The European pharmaceutical compounding market is very fragmented, with few competitors offering a comparable range of products and services to Fagron. Management believes that Fagron is the pharmaceutical compounding market leader in the Netherlands, Belgium, Germany, Spain and Italy. Furthermore, due to the Group's well-established and focused brand strategy, management believes that Fagron has become the most recognised compounded pharmaceuticals brand by pharmacists in Europe, with approximately 20 million Fagron-branded scripts dispensed in 2006 and a strong reputation for high quality.

Fagron's market leadership position across multiple geographic markets provides important competitive advantages, including:

- Significant purchasing power with its suppliers of pharmaceutical raw materials, packaging materials, and equipment;
- Leadership in gathering intelligence and monitoring demand trends, to enable the Group to promptly react to changes in customer needs and preferences; and
- Partner-of-choice for pharmaceutical companies that are discontinuing commercial production and marketing of approved pharmaceuticals, but that desire to maintain the availability of these drugs to patients.

Furthermore, over many years Fagron has developed substantial pharmaceutical compounding expertise, has established strong customer relationships, and has developed its value-added total solutions model. Management believes that these attributes represent significant competitive barriers.

Fagron intends to take advantage of its market position and the fragmented nature of the market to continue building a truly pan-European platform, through both its proven buy-and-build strategy and additional greenfield investments. In addition to further geographic expansion and consolidation opportunities in Western European countries, Fagron intends to explore opportunities in Central and Eastern Europe in the future.

6.6.2. Arseus Dental

Arseus Dental markets equipment and consumables to dentists and other dental professionals and specialist supplies to technical dental laboratories. Arseus Dental's core distribution activities extend to Belgium, the Netherlands, France and Germany, and focus on distributing leading brands such as A-dec, XO, Soredex, Anthos and Stern Weber. Arseus Dental also performs complete equipment installation and set-up of dental offices, thereby supporting sales of its products. In addition, Arseus Dental has manufacturing operations in Switzerland that are specialised in the design and manufacture of high-precision components for the dental and orthopaedic industries.

Arseus Dental's products and services include:

- *Equipment* such as dental chairs, 3-D imaging equipment, blasting units, bleaching equipment, casting equipment, steamers, vacuum cleaners, and furnaces;
- *Consumables* such as anaesthetics, bleaches, disinfectants, and implants;
- *Dental laboratory supplies* such as ceramics, composites, prosthetics, alloys and other casting materials, artificial teeth, and metal components including the branded products of Arseus Dental's Swiss manufacturing units (e.g. Hader Bar System, Ceka-Preciline), with value-added services such as the provision of customised dental packs containing artificial teeth, abutments, and fixtures, specifically selected and assembled for the treatment of a particular patient;
- *Services,* including a full installation and set-up service for dental laboratories and dentists' offices; and
- *Equipment maintenance and repair* including the sale of maintenance contracts and the provision of a range of repair services such as rapid repair of essential tools.

Approximately 65% of Arseus Dental's 2006 sales comprised equipment sales, dental laboratory supplies, services and equipment maintenance and repair. Approximately 25% of Arseus Dental's 2006 sales comprised consumables sales, while the remaining approximately 10% came from Arseus Dental's Swiss manufacturing activities.

Arseus Dental has a strong sales and marketing organisation with a total of 269 customer-facing employees (approximately 51% of all Arseus Dental employees) responsible for sales, technical services and customer care. The sales and technical services groups comprise 125 sales representatives and 115 service technicians respectively. The sales representatives are organised into teams focusing on consumables, equipment, labs, and branded products such as Ceka-Preciline. The 29-person customer services team provides a high level of support from initial customer contact through after-sales care.

Arseus Dental's diversified portfolio offers customers a one-stop-shop for equipment, consumables and value-added services, thereby providing total integrated solutions that allow dental professionals to focus on providing optimal patient care.

Dental equipment customers typically exhibit strong loyalty to brands used during their training. Arseus Dental therefore secures distribution agreements with top dental equipment brands and reinforces its position by promoting these brands to dentist training institutions and universities within its geographic market. Arseus Dental strategically uses lower margin products to expand its customer base and strengthen its customer relationships, proactively cross-selling higher margin products and services. For example, stocking low margin, high volume consumables gives Arseus Dental strong customer access and frequent customer interaction, thereby facilitating the sale of higher margin equipment. To further enhance its relationship with dentists, Arseus Dental has also established a rapid repair service for essential dental tools such as small drills and cleaning equipment. The division is also developing an e-business initiative to expedite delivery of dental consumables.

Arseus Dental has exclusive and long-term distribution arrangements with leading manufacturers in France, Germany and the Benelux region covering three key product categories: dental chairs (A-dec, XO, Anthos, Stern

Weber); 3-D imaging (I-Cat); and X-ray equipment (Soredex, Instrumentarium). For consumables the division holds both exclusive and non-exclusive agreements with leading suppliers.

Arseus Dental's Swiss manufacturing operations manufacture high-precision dental components that are either sold through the division's commercial organisation under proprietary brand names, or are supplied to dental equipment and device manufacturers. In these facilities Arseus Dental also synergistically manufactures high-precision value-added components as an OEM for manufacturers operating in the European orthopaedics industry. According to Frost and Sullivan, the European market for orthopaedic implants and surgical instruments totalled approximately €2.4 billion in 2006 and is projected to grow to approximately €3.3 billion in 2011. The manufacture of high-precision orthopaedic components requires the same capabilities and expertise, and utilises the same manufacturing machinery, as high-precision dental components.

The European market for dental distribution is fragmented with only a few companies, including Arseus Dental, operating in multiple European markets. Arseus Dental aims to be a leading consolidator in this sector, and has thus far established the leading position in Belgium, particularly in equipment and dental laboratory supplies, leading positions in the Netherlands and parts of Germany, and a strong foothold in France. Arseus Dental plans to leverage its extensive distribution network and strong track record of customer service and retention as a platform for further geographic expansion.

6.6.3. Arseus Medical

Arseus Medical provides medical equipment and consumables (each representing approximately 50% of 2006 sales) in Belgium and the Netherlands. In Belgium, Arseus Medical focuses primarily on five distinct customer profiles: nursing homes and home care (approximately 50% of 2006 sales), hospitals (approximately 30%), ophthalmologists (approximately 10%) and general/specialist practitioners (approximately 10%). In the Netherlands, Arseus Medical is currently focused on the hospital market. As an integrated service provider in a highly fragmented market, Arseus Medical is an overall market leader as well as a leader in specific niche segments such as wheel chairs and ophthalmology in the Belgian market. Its sales and marketing organisation operates through customer-specific front office organizations supplemented by a number of e-commerce sites to handle high-frequency component and consumable orders. Using a similar strategy to the dental division, Arseus Medical uses its lower margin products to gain access to customers in order to build long term relationships and drive the sale of higher margin equipment.

Arseus Medical's products range from hospital beds and equipment for operating theatres to surgical gloves. The product categories it markets are (i) medical products including disposables, hygiene and disinfection products, medical instruments and small diagnostic materials, lab and testing materials, reagents, catheters and incontinence materials, furniture for medical cabinets and care areas, wheel chairs, bandage products and home care materials; and (ii) hospital products including hospital furniture gastroenterology products, surgery equipment, instruments products, disposables, urology products, equipment, instruments and consumables for cardiology and cardiovascular surgery products, intensive care, therapeutic and diagnostic products.

Arseus Medical markets its products through a commercial organisation that includes 123 customer-facing employees (approximately 68% of all Arseus Medical employees) responsible for sales, technical services and customer care. The sales and technical services groups comprise 73 sales representatives and 16 service technicians respectively. The sales force is organised into specialist teams covering hospitals, GPs, elderly homes, ophthalmologists and opticians. The capability of the sales team is enhanced by a team of approved and qualified wheelchair and colostomy advisers who drive sales to professionals in these niche sub-segments. Customer services are provided by a 34-person team covering all products and services.

Arseus Medical has exclusive and long-term distribution arrangements with leading equipment manufacturers and vendors like Hill-Rom, Blanco, Recticel (Foam4Care), Ecolab, and Schiller. For consumables, the division maintains both exclusive (Nestlé, Ecolab, and selected SCA products) and non-exclusive (Kimberly-Clark and Nutricia) agreements with leading suppliers. In addition, Arseus Medical promotes its private labels such as Texa for wound care products and gloves and DermaVital for its hypoallergenic skin care product range.

The market is highly fragmented in Belgium and the Netherlands with small players concentrating on either specific segments or specific end users. Arseus Medical has made significant progress in consolidating the Belgian and Dutch markets, where it has the leading market position.

6.6.4. Corilus

Corilus is a provider of integrated IT solutions for healthcare professionals and institutions. Corilus's roots go back to 1998, when the Omega Pharma group acquired the Belgian medical IT companies Competel Pharma Systems,

Competel Software Development, ICS, Farmix, Cogestic and A2I to form OmegaSoft. Corilus IT experts have since built a solid reputation in the development of custom software and total IT solutions for various groups of medical practitioners including pharmacists, dentists, veterinarians, ophthalmologists, GPs and specialist physicians as well as in care, nursing homes and home care (nurses).

Corilus has a highly skilled team that includes 58 research and development staff in three countries. This team currently has over 30 projects under development spanning the pharmaceutical, medical, dental, ophthalmologic, veterinary, polyclinic, and home care segments. Corilus engineers and programmers develop tailor-made software for specific segments of healthcare professionals, using standard industry-leading development tools and applications. Subsequently, these software packages are integrated in a total IT solution, including hardware (PCs, servers) and peripherals (modems, barcode readers, online payment terminals). Corilus also offers maintenance contracts for these integrated configurations.

Corilus intends to reduce development costs by using its suite of standard component modules as a platform for developing segment-specific applications for customer groups e.g. dentists, vets, pharmacists, physiotherapists etc. Ultimately, the goal is to have a single application per customer type enabling Corilus to generate greater profits on a lower cost base.

Corilus's solutions are marketed by a team of 37 sales representatives with post-sales support and service provided by 35 service technicians and a 44-person customer care team. The sales team interacts with customers through its call centre and through customer site visits depending on the type of solution being marketed. The service technicians and the customer care team provide technical support through a combination of online tools and site visits. Corilus has a strong customer-facing organisation with approximately 59% of its people focused on building the brand through high quality customer interaction and after-sales service. The Company intends to actively extract further synergies from Corilus's sales and marketing organisation by leveraging other divisions' customer relationships.

Customer relationships in this division are based on developing an in-depth understanding of the needs of the various profiles of healthcare professionals and maintaining virtual and physical proximity to the customers/users, ensuring instant help desk service and fast physical interventions when required. Corilus's software updates can also be downloaded by customers via the internet. Educational and help desk services are often delivered over the web. In Belgium, Corilus is a strong market leader with significant market share in the overall market for medical IT solutions, as well as in specific segments. The Group has recently also expanded into France and the Netherlands.

In Belgium, management believes that Corilus is market leader in its target segments, with substantial market share amongst pharmacists, dentists, ophthalmologists, elderly care homes, independent nurses and opticians. The Group has recently also expanded into France and the Netherlands where it has already achieved initial successes. In the Netherlands, Corilus has had success in the veterinary segment while in France it has a significant presence in the health centre segment.

Approximately 12,000 healthcare customers in Belgium have Corilus IT solutions installed. Other than Corilus, the competitive environment in Belgium is fragmented and consists of small, local companies. Many significant European markets have a similar structure, with a market-leading national player and numerous much smaller competitors. In Belgium, Corilus's leading position in various customer segments generates significant opportunities to improve connectivity between customer segments such as physicians and pharmacists and deliver additional value-added services, such as Single Electronic Patient File (Electronic Medical Dossier) and Electronic Prescription projects.

The core of the Corilus IT solutions is developed in-house by the Corilus engineers and programmers. For the other components, Corilus obtains certifications from the major hardware manufacturers and service providers.

Software-related sales represented slightly over half of Corilus's sales in 2006, with the remainder being hardware-related sales, which also includes a growing component of maintenance and repair services.

6.7. Arseus's Executive Committee and board of directors

For an overview of the curricula vitae of the members of the Executive Committee and the board of directors see respectively Section 11.4.4 and 11.2.4.

6.8. Human resources

On 30 June 2007, Arseus employed 1,354 employees, which corresponds to 1,274 full-time equivalents. Of these, 649 people (approximately 48%) are in customer-facing roles. Employees are split across Fagron (427), Arseus Dental (528), Arseus Medical (180), Corilus (198) and Corporate (21). Geographically Arseus employees are

spread across Belgium (551), the Netherlands (360), France (76), Germany (215), Spain (41) and Switzerland (111). These figures do not include 58 employees from Polichimica (Italy). The activities of Polichimica will only be consolidated from the end of the second semester of 2007. 2.9% of the total employment figure refers to management; 87.7% to white collar workers and the remaining 9.4% to blue collar workers. The table below gives an overview of the personnel evolution (in headcount) at the end of the last three business years per business activity.

Headcount	30.06.2007	30.06.2006	31.12.2006	31.12.2005	31.12.2004
Fagron	427	420	419	431	388
Arseus Dental	528	428	501	424	417
Arseus Medical	180	196	178	199	233
Corilus	198	218	190	228	231
Corporate	21	9	17	7	7
TOTAL	**1,354**	**1,271**	**1,305**	**1,289**	**1,276**

Arseus attaches great importance to training and employee education. Incentive schemes are in place for management and key staff. The criteria for the variable remuneration component of management are fully aligned with the strategic objectives and the performance of the Group. For key staff, the variable remuneration component is related to specific - often sales-driven- objectives. In addition, the Group has created two warrant plans specifically aimed at management and key employees, as instruments in the Group's motivation and retention policy (as described in Section 10.5).

6.9. Legal and arbitration proceedings

On the date of this Prospectus, the Group was involved in the following material litigation, it being understood that material shall be interpreted as exceeding a financial risk of €750,000.

- One of the Issuer's subsidiaries, Corilus Wallonie SA, is subject to several claims by the Belgian tax authorities which relate to the deductibility of interest paid to the Group's Luxembourg financing vehicle. These claims amount to respectively EUR 7,272,735.16, EUR 7,808,509.70 and EUR 9,811,638.32 in addition to the taxable basis of Corilus Wallonie SA for the income years 2003, 2004 and 2005 (with an additional 10% tax penalty being applied for income years 2004 and 2005). The Issuer lodged a claim with the Belgian tax authorities relating to income year 2003 and will do the same for the income years 2004 and 2005 upon receipt of the assessment notices, which it expects to receive before the end of 2007. If the claims would be unsuccessful or if the Belgian tax authorities do not come to a decision on the case within six months following the lodging of the claims, the Issuer will bring the case before a Belgian court. The Issuer and its legal counsel in this respect deem it unlikely that a Belgian court will follow the current reasoning of the Belgian tax authorities in this respect. The tax experts consulted by the Company are convinced that these disputes will end well, which is why the management has not established any provisions.

- One of the Issuer's subsidiaries, Fagron Ibérica, has been subject to a claim of €12,952,912.34 by Abbott GmbH&Co.KG. Abbott GmbH&Co.Kg claims that Fagron Ibérica (the former Roig Farma, S.A.) has infringed its European Patent EP 0230742 (which vindicates a process to obtain sibutramine hydrochloride monohydrate). The Court of First Instance No 37 of Barcelona passed judgment on 11 March 2005 in favour of Fagron Ibérica, but Abbott GmbH&Co.KG filed an appeal against the said judgment, which is still pending. The Company is of the opinion that it will also be successful in the appeal procedure as the distributed product was not monohydrate, but anhydrate (as also set out by the Court of First Instance). The decision of the Court of Appeal is expected to be passed by 2008. The Issuer has an indemnity by third parties for this claim. The Issuer deems it likely that it will be indemnified for any negative consequences in this respect. In addition, the Issuer has taken all measures to be protected against, and to be indemnified for, any negative consequences.

- One of the Issuer's subsidiaries, Alphadent, has been subject to a claim for the supply of alleged faulty dental materials by two of its customers. The customers are claiming respectively (i) €368,865 for material damage (to be increased with legal interest) and €25 per day as from 1 January 1999 up to the date of the judgment for moral damage, and (ii) €552,567.5 for material damage (to be increased with legal interest) and €25 per day as from 1 January 1999 up to the date of the judgment for moral damage. In the event that the claim vis-à-vis Alphadent would be found valid, the Issuer deems it likely that it will be able to ask for indemnification by the supplier of the alleged faulty dental materials (which is also involved in this litigation). The proceedings are currently pending before the Commercial Court of Antwerp. The Commercial Court of Antwerp has appointed two experts to asses whether the dental materials are faulty. The experts filed their report on 8 March 2005. The Issuer is unable to predict the time at which a decision in this respect shall be passed.

7. CAPITALISATION AND INDEBTEDNESS[4]

Capitalisation table (in € thousands)	30.06.2007	31.12.2006	31.12.2005	31.12.2004
Total Non-Current debt	54,441	53,169	6,941	19,161
- Guaranteed				
- Secured	2,067	1,983	3,081	3,142
- Unguaranteed / Unsecured	52,374	51,186	3,860	16,019
Total Current debt (excluding current portion of long-term debt)	55,014	52,489	72,478	97,377
- Guaranteed				
- Secured				
- Unguaranteed / Unsecured	55,014	52,489	72,478	97,377
Shareholders' equity	102,272	94,882	82,867	102,540
- Share capital	150,746	150,746		
- Merger reserves	(96,537)	(96,537)		
- Net assets of the combination			54,022	88,711
- Cumulative translation adjustments	(598)	(311)	(16)	31
- Retained earnings	48,661	40,984	28,861	13,798
Total	**211,727**	**200,540**	**162,286**	**219.078**

Indebtedness table (in € thousands)	30.06.2007	31.12.2006	31.12.2005	31.12.2004
A. Cash	2,998	2,082	4,650	5,021
B. Cash equivalent	31	450	57	51
C. Trading securities				
D. Liquidity(A)+(B)+(C)	3,029	2,532	4,707	5,072
E. Current Financial Receivable				
F. Current Bank debt[5]	55,014	52,489	74,055	99,501
G. Current portion of non current debt	1,209	1,081	1,206	1,254
H. Other current financial debt				
I. Current Financial Debt(F)+(G)+(H)	56,223	53,570	75,261	100,755
J. Net Current Financial Indebtedness(I)-(E)-(D)	53,194	51,038	70,554	95,683
K. Non current bank loans	53,232	52,088	5,735	17,907
L. Bonds Issued				
M. Other non current loans				
N. Non current Financial Indebtedness(K)+(L)+(M)	53,232	52,088	5,735	17,907
O. Net Financial Indebtedness(J)+(N)	106,426	103,126	76,289	113,590

[4] Includes bank financing as well as financing provided by Omega Pharma.

[5] Includes cash pool position with Omega Pharma.

8. SELECTED FINANCIAL INFORMATION

8.1. Combined Income statement

	Six months ending		Twelve months ending		
	30.06.2007	30.06.2006	31.12.2006	31.12.2005	31.12.2004
	(in € thousands except growth and margins)				
Sales	145,870	133,164	276,971	283,248	283,284
Sales growth	*9.5%*	*n/a*	*(2.2)%*	*0.0%*	*n/a*
Gross profit*	68,278	63,221	130,735	128,977	123,232
Gross margin	*46.8%*	*47.5%*	*47.2%*	*45.5%*	*43.5%*
Operating expenses	(49,104)	(46,611)	(94,854)	(92,208)	(89,319)
Services and other goods	*(18,218)*	*(17,226)*	*(36,696)*	*(34,855)*	*(33,634)*
Personnel costs	*(30,204)*	*(28,782)*	*(57,800)*	*(56,533)*	*(54,889)*
Other costs	*(682)*	*(603)*	*(358)*	*(820)*	*(796)*
EBITDA before non-recurring items and before corporate costs	19,174	16,610	35,881	36,769	33,913
Corporate costs	(1,742)	(689)	(2,902)	(2,035)	(1,167)
EBITDA before non-recurring items	17,432	15,921	32,979	34,734	32,746
EBITDA margin	*12.0%*	*12.0%*	*11.9%*	*12.3%*	*11.6%*
Depreciation and amortisation	(3,092)	(2,941)	(6,685)	(4,981)	(4,496)
EBIT before non-recurring items	14,340	*12,980*	26,294	29,753	28,250
EBIT margin	*9.8%*	*9.7%*	*9.5%*	*10.5%*	*10.0%*
Non-recurring items	(1,725)	0	(6,174)	(5,947)	(2,378)
EBIT	12,615	12,980	20,120	23,806	25,872
EBIT margin	*8.6%*	*9.7%*	*7.3%*	*8.4%*	*9.1%*
Financial result	(3,368)	(2,731)	(5,508)	(3,999)	(5,228)
Profit before income tax	9,247	10,249	14,612	19,807	20,644
Income taxes	(1,570)	(2,807)	(2,489)	(4,744)	(6,846)
Net profit	**7,677**	**7,442**	**12,123**	**15,063**	**13,798**

* Gross profit = Sales – trade goods - change in inventories of finished goods and work in progress

8.2. Combined balance sheet

	30.06.2007	%	30.06.2006	%	31.12.006	%	31.12.2005	%	31.12.2004	%
					(in € thousands)					
Intangible assets	147,629	***48.9***	133,794	*49.6*	145,656	*51.0*	132,610	*48.7*	127,997	*46.9*
Property, plant & equipment	19,480	***6.5***	16,375	*6.1*	16,397	*5.7*	16,844	*6.2*	16,287	*6.0*
Financial assets	255	***0.1***	255	*0.1*	255	*0.1*	2,195	*0.8*	2,208	*0.8*
Deferred tax assets	11,400	***3.8***	*8,150*	*3.0*	10,037	*3.5*	7,530	*2.8*	5,188	*1.9*
Other non current assets	729	***0.2***	572	*0.2*	667	*0.2*	627	*0.2*	668	*0.2*
Non-current assets	**179,493**	***59.5***	**159,146**	*59.0*	**173,012**	***60.6***	**159,806**	***58.7***	**152,347**	***55.8***
Inventories	54,986	***18.2***	55,198	*20.5*	50,062	*17.5*	51,438	*18.9*	56,020	*20.5*
Trade receivables	52,934	17.5	44,513	16.5	48,759	17.1	48,178	17.7	51,536	18.9
Cash and cash equivalents	3,029	***1.0***	4,744	*1.8*	2,532	*0.9*	4,707	*1.7*	5,072	*1.9*
Other current assets	11,324	***3.8***	6,021	*2.2*	11,093	*3.9*	7,909	*2.9*	8,219	*3.0*
Current assets	**122,273**	***40.5***	**110,476**	*41.0*	**112,446**	***39.4***	**112,232**	***41.3***	**120,847**	***44.2***
TOTAL ASSETS	**301,766**	***100.0***	**269,622**	*100.0*	**285,458**	***100.0***	**272,038**	***100.0***	**273,194**	***100.0***
Equity	**102,272**	***33.9***	**91,166**	*33.8*	**94,882**	***33.2***	**82,867**	***30.5***	**102,540**	***37.5***
Provisions	912	***0.3***	2,631	*1.0*	1,296	*0.5*	2,800	*1.0*	2,664	*1.0*
Pension obligations	2,158	***0.7***	2,754	*1.0*	2,349	*0.8*	4,471	*1.6*	4,676	*1.7*
Deferred tax liabilities	2,527	***0.8***	2,308	*0.9*	2,423	*0.8*	2,112	*0.8*	1,884	*0.7*
Borrowings	53,232	***17.6***	5,316	*2.0*	52,088	*18.2*	5,735	*2.1*	17,907	*6.6*
Other non current liabilities	0	***0.0***	33	*0.0*	0	*0.0*	35	*0.0*	65	*0.0*
Non-current liabilities	**58,829**	***19.5***	**13,042**	*4.8*	**58,157**	***20.4***	**15,153**	***5.6***	**27,196**	***10.0***
Borrowings	56,299	***18.7***	97,493	*36.2*	53,618	*18.8*	100,160	*36.8*	75,856	*27.8*
Trade payables	57,186	***19.0***	38,382	*14.2*	49,525	*17.3*	49,058	*18.0*	46,159	*16.9*
Taxes, remunerations & social security	19,448	***6.4***	16,811	*6.2*	19,058	*6.7*	15,861	*5.8*	14,839	*5.4*
Other current payables	7,732	***2.6***	12,728	*4.7*	10,219	*3.6*	8,939	*3.3*	6,604	*2.4*
Current liabilities	**140,665**	***46.6***	**165,414**	*61.4*	**132,419**	***46.4***	**174,019**	***64.0***	**143,458**	***52.5***
TOTAL EQUITY & LIABILITIES	**301,766**	***100.0***	**269,622**	*100.0*	**285,458**	***100.0***	**272,038**	***100.0***	**273,194**	***100.0***

8.3. Combined cash flow statement

	Six months ending		Twelve months ending		
	30.06.2007	30.06.2006	31.12.2006	31.12.2005	31.12.2004
			(in € thousands)		
Profit before income tax	9,247	10,249	14,611	19,808	20,644
Taxes paid	(1,284)	(3,541)	(4,627)	(6,163)	(8,833)
Total adjustments for non-cash items	6,512	3,770	6,912	11,777	9,073
Total changes in working capital	(4,900)	(7,827)	674	9,119	(11,845)
Net cash flow from operating activities	**9,576**	**2,651**	**17,570**	**34,541**	**9,038**
Capital expenditure	(7,343)	(3,376)	(7,493)	(9,051)	(11,389)
Proceeds from the sale of fixed assets	877	1,685	2,356	381	1,939
Investments in existing shareholdings (deferred payments) and in new holdings	(1,977)	(1,623)	(8,639)	(29,478)	(6,053)
Net cash flow from investments	**(8,443)**	**(3,314)**	**(13,776)**	**(38,148)**	**(15,503)**
Net cash flow from financing	**(670)**	**716**	**(5,946)**	**3,248**	**2,163**
Net increase (decrease) in cash and cash equivalents	463	53	(2,152)	(359)	(4,302)
Cash and cash equivalents — start of the period	2,532	4,707	4,707	5,071	9,364
Gains or losses on exchange liquid assets	34	(16)	(23)	(5)	9
Cash and cash equivalents — end of the period	3,029	4,744	2,532	4,707	5,071
Net increase (decrease) in cash and cash equivalents	463	53	(2,152)	(359)	(4,302)

9. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis should be read in conjunction with (i) the section entitled "Selected key financials" and (ii) the Group's audited combined financial statements, including the notes to those financial statements, included in this Prospectus. Certain statements in this section are forward-looking statements and should be read in conjunction with the disclaimer "Forward-Looking information".

EBITDA is defined as operating profit before depreciation and amortisation. While the figures included in EBITDA are derived from the combined financial statements, EBITDA is not a financial measure calculated in accordance with any internationally recognised generally accepted accounting principles. Accordingly, EBITDA should not be considered an alternative to net income or operating income as an indicator of performance, or an alternative to operating cash flows as a measure of liquidity. EBITDA is a measure commonly used by investors; however, EBITDA as presented in this Prospectus may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated. For the purposes of this Prospectus, EBITDA is calculated as the sum of the following: EBIT (i.e. operating profit), depreciation and amortisation.

Adjustments have been made to certain line items in the IFRS accounts for the purposes of creating the accounts presented in this section. Below are the explanations of the key reconciliation points:

- *Operating expenses in this section are obtained by netting Other Operating revenues against Operating expense in IFRS;*
- *Non recurring charges should be understood as: one-off charges that are not related to the ordinary operations. They mainly relate to reorganizations and reorientations;*
- *Depreciation and amortisation in this section exclude non-recurring charges whereas they are included in IFRS;*
- *corporate costs;*
- *All line items from EBIT to net profit match for both sets of accounts.*

It should be noted that since the above discussed adjustments are not part of the IFRS statements and hence not covered by the audit / review opinions issued by the auditor on those statements.

9.1. General

Arseus is a leading provider of products and services to European healthcare professionals and institutions. The Group is active across numerous healthcare markets, including pharmaceutical compounding, dental products, medical and surgical products, and healthcare information technology. Arseus's customers span the spectrum of healthcare professionals, including pharmacists, dentists, physicians, nurses, hospitals, elderly care homes, and many others. As of 30 June 2007, Arseus had 1,354 employees in eight European countries, including Belgium, the Netherlands, Germany, France, Italy, Spain, Switzerland and the UK, and the Group markets certain of its products in three additional countries: Austria, Luxembourg and Portugal. In 2006, the Group achieved sales of €277.0 million, EBITDA before non-recurring items of €33.0 million and EBIT before non-recurring items of €26.3 million. For the first half of 2007, it achieved sales of €145.9 million and EBITDA before non-recurring items of €17.4 million and EBIT before non-recurring items of €14.3 million. On the basis of its recently disclosed financial results for the first six months of 2007, Arseus anticipates 6% sales growth in 2007 and believes sales of €300 million, corresponding to 8% sales growth, to be potentially achievable.

Arseus is a leading player in the European pharmaceutical compounding market and is also leading the consolidation of this highly fragmented €2.0 billion market. The Group's pharmaceutical compounding division, Fagron, develops and markets proprietary pharmaceutical compounding formularies, markets and distributes instruments and pharmaceutical raw materials for in-pharmacy compounding, markets and distributes Fagron-branded compounded pharmaceutical and cosmetic products to pharmacies and pharmaceutical wholesalers, provides third-party compounding services to pharmacies and hospitals, and provides specialty pharmaceutical raw materials to the pharmaceutical, nutraceutical, veterinary and cosmetic industries. In 2006, Fagron comprised 34.9% of Arseus's total sales and 49.1% of Arseus's total EBITDA before non-recurring items and corporate costs. For the first half of 2007, Fagron comprised 34.9% of Arseus's total sales and 48.0% of Arseus's total EBITDA before non-recurring items and corporate costs.

Arseus Dental is a leading player in the European dental products market. Arseus Dental markets and distributes dental equipment, instruments and consumables to dentists and dental laboratories. The division also manufactures high-precision components and instruments for the dental and orthopaedic industries, both under proprietary brand names and as an OEM supplier for third parties. In 2006, Arseus Dental comprised 38.9% of Arseus's total sales and

28.7% of Arseus's total EBITDA before non-recurring items and corporate costs. For the first half of 2007, Arseus Dental comprised 39.6% of Arseus's total sales and 29.5% of Arseus's total EBITDA before non-recurring items and corporate costs.

Arseus Medical is a leading marketer and distributor of a wide variety of medical, surgical, hospital and other healthcare products. In 2006, Arseus Medical comprised 17.1% of Arseus's total sales and 5.4% of Arseus's total EBITDA before non-recurring items and corporate costs. For the first half of 2007, Arseus Medical comprised 17.0% of Arseus's total sales and 6.8% of Arseus's total EBITDA before non-recurring items and corporate costs.

Arseus's healthcare IT business, Corilus, develops proprietary customised IT solutions targeted at numerous different healthcare professional groups, including pharmacists, physicians, dentists, veterinarians, elderly care homes, nurses, ophthalmologists, opticians and physiotherapists, among others. Corilus markets, installs and services its integrated IT solutions, comprising proprietary software together with complementary hardware. In 2006, Corilus comprised 9.1% of Arseus's total sales and 16.8% of Arseus's total EBITDA before non-recurring items and corporate costs. For the first half of 2007, Corilus comprised 8.5% of Arseus's total sales and 15.7% of Arseus's total EBITDA before non-recurring items and corporate costs.

9.2. Major factors affecting results of operations

9.2.1. History as a subsidiary of Omega Pharma

Omega Pharma entered the professional healthcare market in 1989 with the creation of Alpha Pharma, a division selling raw materials to pharmacists in Belgium for pharmaceutical compounding. Through a focused buy-and-build strategy since 1998 complemented by strong internal growth, Omega Pharma developed the professional healthcare businesses that have been combined to form Arseus. At the end of 2005, the decision was taken to separate the professional healthcare businesses from Omega Pharma's core over-the-counter pharmaceutical businesses to enable the two disparate types of business to maintain focus on optimising their respective performance, as well as to provide the professional healthcare business, Arseus, with direct access to capital to allow it to continue its growth strategy on a standalone basis.

9.2.2. Recent restructuring of the business

Since 2006 a restructuring and reorientation process across all business lines of Arseus has been undertaken including the development and implementation of a new strategic roadmap, the introduction of best practices and a total solutions service model. This restructuring has included the integration of the different businesses within a single organisation, the consolidation of facilities and back-office functions across the businesses to gain operational efficiencies, the termination of unprofitable distribution agreements, and the improvement of the effectiveness and efficiency of the sales and marketing operations. Significant achievements have already been accomplished in this restructuring, while there are still significant further operational and financial benefits to be achieved by continued implementation of restructuring initiatives. The table below gives an overview of the sites which have been / will be restructured in Arseus Dental and Medical.

Site	Division	Moved to	Timing	Status	Remarks
Halle	Arseus Dental	Waregem	Q4 2006	Done	
Luik	Arseus Dental	Waregem	Q4 2006	Done	
Kortenberg	Arseus Dental	Waregem	Q1 2007	Done	Showroom maintained but all people moved
Antwerpen	Arseus Dental	Waregem	Q2 2007	Done	
Gullegem	Arseus Dental	Waregem	Q2 2007	Done	
Amersfoort	Arseus Dental	Zeist	Q2 2007	Done	
Chambéry	Arseus Dental	Site closed	Q2 2007	Done	Former French consumables activity which is stopped
Kiel	Arseus Dental	Hamburg	Q2 2007	Done	
Waregem	Arseus Medical	Wilrijk	Q4 2006 / Q1 2007	Done	
Wilrijk	Arseus Medical	Waregem	Q3 2007	On going	All commercial back office moved to Wilrijk
Schelle	Arseus Medical	Waregem	Q3 2007	Done	
Namen	Arseus Medical	To be determined	Q4 2007	On going	All logistics move to Waregem

9.3. Income statement

	Six months ending		Twelve months ending		
	30.06.2007	30.06.2006	31.12.2006	31.12.2005	31.12.2004
			(in € thousands except growth and margins)		
Sales	145,870	133,164	276,971	283,248	283,284
Sales growth	*9.5%*		*(2.2)%*	*0.0%*	
Gross profit*	68,278	63,221	130,735	128,977	123,232
Gross margin	*46.8%*	*47.5%*	*47.2%*	*45.5%*	*43.5%*
Operating expenses	(49,104)	(46,611)	(94,854)	(92,208)	(89,319)
Services and other goods	*(18,218)*	*(17,226)*	*(36,696)*	*(34,855)*	*(33,634)*
Personnel costs	*(30,204)*	*(28,782)*	*(57,800)*	*(56,533)*	*(54,889)*
Other costs	*(682)*	*(603)*	*(358)*	*(820)*	*(796)*
EBITDA before non-recurring items and before corporate costs	19,174	16,610	35,881	36,769	33,913
Corporate costs	(1,742)	(689)	(2,902)	(2,035)	(1,167)
EBITDA before non-recurring items	17,432	15,921	32,979	34,734	32,746
EBITDA margin	*12.0%*	*12.0%*	*11.9%*	*12.3%*	*11.6%*
Depreciation and amortisation	(3,092)	(2,941)	(6,685)	(4,981)	(4,496)
EBIT before non-recurring items	14,340	*12,980*	26,294	29,753	28,250
EBIT margin	*9.8%*	*9.7%*	*9.5%*	*10.5%*	*10.0%*
Non-recurring items	(1,725)	0	(6,174)	(5,947)	(2,378)
EBIT	12,615	12,980	20,120	23,806	25,872
EBIT margin	*8.6%*	*9.7%*	*7.3%*	*8.4%*	*9.1%*
Financial result	(3,368)	(2,731)	(5,508)	(3,999)	(5,228)
Profit before income tax	9,247	10,249	14,612	19,807	20,644
Income taxes	(1,570)	(2,807)	(2,489)	(4,744)	(6,846)
Net profit	**7,677**	**7,442**	**12,123**	**15,063**	**13,798**

* Gross profit = Sales - trade goods goods - change in inventories of finished goods and work in progress

9.3.1. Review of the six months ending 30 June 2007 compared with the same period in 2006

9.3.1.1 Sales

Arseus reported sales of €145.9 million in the first six months of 2007 as compared with €133.2 million in 2006. This 9.5% increase was largely a result of strong organic growth in Arseus Dental driven by product portfolio diversification and increased penetration of new geographic markets complemented by the impact of acquisitions made during the second half of 2006; strong organic growth of Fagron driven by implementation of initiatives to better coordinate pharmaceutical raw material offering to industry clients supported by continued roll-out of the Fagron brand and third party compounding services in new markets; and turnaround of Arseus Medical including impact of new profitable distribution agreements.

As of the second half of 2007, sales of Polichimica, acquired in July 2007, will also be included in Arseus's revenues. Polichimica's sales amounted to approximately €10 million in 2006.

A more extensive analysis on the evolution of segment sales can be found in Section 9.4.

9.3.1.2 Gross margin

Gross margin was 46.8% in the first six months 2007 as compared with 47.5% in the same period in 2006. This decrease was largely due to the impact of disposing of selected dental consumables product lines, lower levels of work-in-progress in Hader and hardware price erosion in Corilus. This was offset by a slight margin increase in Fagron and a significant margin improvement in Arseus Medical.

9.3.1.3 Operating expenses

Operating expenses were €49.1 million in the first six months of 2007, representing a cost coverage (operating expenses as a proportion of gross profit) of 71.9%, as compared with €46.6 million in the same period in 2006, representing a cost coverage of 73.7%.

9.3.1.4 Services and other goods

Services and other goods were €18.2 million in the first six months of 2007 as compared with €17.2 million in the same period in 2006.

9.3.1.5 Personnel costs

Personnel costs were €30.2 million in the first six months of 2007 as compared with €28.8 million in the same period in 2006. This increase was largely due to a shift towards hiring a larger proportion of highly qualified personnel to support the total solutions business model. As of the end of June 2006, Arseus had 1,271 employees representing 1,196 full-time equivalents, as compared with 1,354 employees representing 1,274 full-time equivalents as of the end of June 2007. An additional 58 Polichimica people are expected to be added by the end of 2007.

9.3.1.6 Corporate costs

Corporate costs, which primarily comprise costs for corporate IT and HR functions as well as compensation and expenses of the Executive Committee, were €1.7 million in the first six months of 2007 as compared with €0.7 million in the same period in 2006. These two amounts are not directly comparable largely because certain corporate IT projects were started in the second half of 2006. Also the re-allocation of certain assets and management costs from Omega Pharma occurred in the second half of 2006. For comparison, corporate costs for 2006 were €2.9 million.

9.3.1.7 EBITDA before non-recurring items

Arseus had EBITDA before non-recurring items of €17.4 million in the first six months of 2007, representing a margin of 12.0% of sales, as compared with €15.9 million in the same period in 2006, representing a margin of 12.0% of sales.

9.3.1.8 Depreciation and amortisation

Depreciation and amortisation totalled €3.1 million in the first six months of 2007 as compared with €2.9 million in the same period in 2006. This increase was largely due to increased capitalised development costs for Corilus's software.

9.3.1.9 Non-recurring items

Non-recurring items were €1.7 million in the first six months of 2007 as compared with €0 million in the same period of 2006. In the first six months of 2007, non-recurring items largely comprised costs relating to reorganisation and reorientation such as the closure and relocation of several Arseus Dental sites, the reorganisation of certain warehouse facilities in Germany, reorganisation of Fagron in Germany and back office consolidation in Arseus Medical. In the first six months of 2006, no non-recurring items were recorded as they were fully recorded in the second half of the year.

9.3.1.10 EBIT

Arseus reported EBIT of €12.6 million in the first six months of 2007, representing a margin of 8.6% of sales, as compared with €13.0 million in the same period in 2006, representing a margin of 9.7% of sales.

9.3.1.11 Financial result

Financial income and expenses relate mainly to interest, bank charges and foreign exchange adjustments. Net financial result was -€3.4 million in the first six months of 2007 as compared with -€2.7 million in the same period in 2006. This increase was largely due to an increase in net debt from €98.1 million as of 30 June 2006 to €106.5 million as of 30 June 2007.

9.3.1.12 Income taxes

Income taxes were €1.6 million in the first six months of 2007, representing a 17.0% effective tax rate, as compared with €2.8 million in the same period in 2006, representing a 27.4% effective tax rate. This decrease in effective tax rate was largely due to the optimisation of Arseus's internal capital structure to benefit from the Belgian system of notional interest that came into effect as of 1 January 2006, as well as the benefit gained from deferred tax assets and the Dutch participation exemption tax rule.

9.3.1.13 Net Profit

Arseus reported net profit of €7.7 million in the first six months of 2007, representing a margin of 5.3% of sales, as compared with €7.4 million in the same period in 2006, representing a margin of 5.6% of sales.

9.3.2. Review of the twelve months ending 31 December 2006 as compared with the same period in 2005

9.3.2.1 Sales

Arseus reported sales of €277.0 million in 2006 as compared with €283.2 million in 2005, This 2.2% decrease was largely a result of the restructuring and reorientation initiatives implemented in 2006, with sales at Arseus Medical decreasing by €11.1 million mainly due to the termination of unprofitable distribution agreements. Corilus also experienced a material sales decrease, primarily due to price erosion of computer hardware products. Fagron experienced a slight sales decrease due to the reorganisation of its marketing operations with respect to industry clients, as well as due to pharmaceutical reimbursement decreases in Germany as a result of healthcare reforms, partially offset by growth in other geographies. The sales decreases in these divisions were partially offset by growth at Arseus Dental driven by geographic expansion and product portfolio diversification, complemented by acquisitions made in the second half of 2006.

A more extensive analysis on the evolution of segment sales can be found in Section 9.4.

9.3.2.2 Gross margin

Gross margin was 47.2% in 2006 as compared with 45.5% in 2005. This increase was largely due to the reorientation of Arseus's product portfolio towards more value-added products and services such as third party compounding in Fagron, increased focus on equipment sales and high-precision component manufacturing in Arseus Dental, as well as the termination of unprofitable distribution agreements in Arseus Medical. This was partly offset by hardware price erosion in Corilus.

9.3.2.3 Operating expenses

Operating expenses were €94.9 million in 2006, representing a cost coverage (operating expenses as a proportion of gross profit) of 72.6%, as compared with €92.2 million in 2005, representing a cost coverage of 71.5%.

9.3.2.4 Services and other goods

Services and other goods were €37.0 million in 2006 as compared with €34.9 million in 2005. This increase was largely due to the reorganisation and reorientation activities undertaken in 2006.

9.3.2.5 Personnel costs

Personnel costs were €57.8 million in 2006 as compared with €56.5 million in 2005. This increase was largely due to increased wage costs associated with the focus on hiring a larger proportion of highly qualified personnel to support the total solutions business model. As of the end of 2006, Arseus had 1,305 employees representing 1,230 full-time equivalents, as compared with 1,289 employees representing 1,243 full-time equivalents as of the end of 2005. Acquisitions closed in 2006 accounted for the addition of 84 full-time equivalents; excluding this factor, net full-time equivalents was reduced by 97 as a result of restructuring.

9.3.2.6 Corporate costs

Corporate costs, which primarily comprise costs for corporate IT and HR functions as well as compensation and expenses of the Executive Committee, were €2.9 million in 2006 as compared with €2.0 million in 2005. This increase was largely due to the transfer of certain management costs from Omega Pharma to Arseus, costs related to the transfer of certain assets to Arseus such as Arseus's corporate headquarters in Waregem and corporate IT personnel costs related to the introduction of a shared ERP system.

9.3.2.7 EBITDA before non-recurring items

Arseus had EBITDA before non-recurring items of €33.0 million in 2006, representing a margin of 11.9% of sales, as compared with €34.7 million in 2005, representing a margin of 12.3% of sales.

9.3.2.8 Depreciation and amortisation

Depreciation and amortisation totalled €6.7 million in 2006 as compared with €5.0 million in 2005. This increase was largely due to increased capitalised development costs for Corilus's software.

9.3.2.9 Non-recurring items

Non-recurring items were €6.2 million in 2006 as compared with €5.9 million in 2005. In 2006, non-recurring items largely comprised costs relating to the centralisation of Arseus's back-office operations in Waregem, Belgium, restructuring charges and the legal costs of creating an independent legal identity for Arseus. In 2005, non-recurring items largely comprised costs relating to the carve-out of Arseus.

9.3.2.10 EBIT

Arseus reported EBIT of €20.1 million in 2006, representing a margin of 7.3% of sales, as compared with €23.8 million in 2005, representing a margin of 8.4% of sales.

9.3.2.11 Financial result

Financial income and expenses relate mainly to interest, bank charges and foreign exchange adjustments. Net financial result was -€5.5 million in 2006 as compared with -€4.0 million in 2005. This increase was largely due to a slight increase in the level of net debt as well as an increase in interest costs.

9.3.2.12 Income taxes

Income taxes were €2.5 million in 2006, representing a 17.0% effective tax rate, as compared with €4.7 million in 2005, representing a 23.9% effective tax rate. This decrease in effective tax rate was largely due to the optimisation of Arseus's internal capital structure to benefit from the Belgian system of notional interest that came into effect as of 1 January 2006, as well as the benefit gained from €1.5 million of deferred tax assets and the Dutch participation exemption tax rule.

9.3.2.13 Net Profit

Arseus reported net profit of €12.1 million in 2006, representing a margin of 4.4% of sales, as compared with €15.1 million in 2005, representing a margin of 5.3% of sales.

9.3.3. Review of the twelve months ending 31 December 2005 as compared with the same period in 2004

9.3.3.1 Sales

Arseus reported sales of €283.2 million in 2005 as compared with €283.3 million in 2004. Sales remained flat largely due to sales growth in Fagron which was offset by a decrease in sales in Arseus Dental. Fagron sales growth resulted largely from organic growth and incremental revenue resulting from an expansion in its range of products and services to larger clients in the pharmaceutical, nutraceutical, veterinary and cosmetic industries. Arseus Dental's sales were impacted by the termination of unprofitable distribution agreements as part of certain restructuring initiatives undertaken within Arseus Dental including the phasing out of the consumables business in France.

A more extensive analysis on the evolution of segment sales can be found in Section 9.4.

9.3.3.2 Gross margin

Gross margin was 45.5% in 2005 as compared with 43.5% in 2004. This increase was largely due to margin improvements in Fagron driven by the third party compounding business; Arseus Dental through its reduced focus on consumables; and Corilus. This margin improvement was partially offset by the impact of phasing out the dental consumables business in France.

9.3.3.3 Operating expenses

Operating expenses were €92.2 million in 2005, representing a cost coverage (operating expenses as a proportion of gross profit) of 71.5%, as compared with €89.3 million in 2004, representing a cost coverage of 72.5%.

9.3.3.4 Services and other goods

Services and other goods were €34.9 million in 2005 as compared with €33.6 million in 2004. This increase was largely due to increased re-allocation of costs from Omega Pharma to Arseus as part of the business reorientation.

9.3.3.5 Personnel costs

Personnel costs were €56.5 million in 2005 as compared with €54.9 million in 2004. This increase was largely due to the increase in headcount. As of the end of 2005, Arseus had 1,289 employees representing 1,243 full-time equivalents, as compared with 1,276 employees representing 1,221 full-time equivalents as of the end of 2004.

9.3.3.6 Corporate costs

Corporate costs, which primarily comprise costs for corporate IT and HR functions as well as compensation and expenses of the Executive Committee, were €2.0 million in 2005 as compared with €1.2 million in 2004. This increase was largely due to increased re-allocation of corporate costs to Arseus as part of the carve out from Omega Pharma.

9.3.3.7 EBITDA before non-recurring items

Arseus had EBITDA before non-recurring items of €34.7 million in 2005, representing a margin of 12.3% of sales, as compared with €32.7 million in 2004, representing a margin of 11.6% of sales.

9.3.3.8 Depreciation and amortisation

Depreciation and amortisation totalled €5.0 million in 2005 as compared with €4.5 million in 2004. This increase was largely due to increased capitalised development costs for Corilus's software.

9.3.3.9 Non-recurring items

Non-recurring items were €5.9 million in 2005 as compared with €2.4 million in 2004. In 2005, non-recurring items largely comprised costs relating to the preparation carve-out of Arseus and a corporate restructuring program. In 2004, non-recurring items largely comprised costs relating to acquisitions and business restructurings.

9.3.3.10 EBIT

Arseus reported EBIT of €23.8 million in 2005, representing a margin of 8.4% of sales, as compared with €25.9 million in 2004, representing a margin of 9.1% of sales.

9.3.3.11 Financial result

Financial income and expenses relate mainly to interest, bank charges and foreign exchange adjustments, Net financial result was -€4.0 million in 2005 as compared with -€5.2 million in 2004. This decrease was largely due to a decrease in interest expense in 2005.

9.3.3.12 Income taxes

Income taxes were €4.7 million in 2005, representing a 23.9% effective tax rate, as compared with €6.9 million in 2004, representing a 33.2% effective tax rate. This decrease in effective tax rate was largely due to the benefit gained from €1.7 million of deferred tax assets to offset taxes.

9.3.3.13 Net Profit

Arseus reported net profit of €15.1 million in 2005, representing a margin of 5.3% of sales, as compared with €13.8 million in 2004, representing a margin of 4.9% of sales.

9.4. Segment reporting

Below, the four segments, Fagron, Arseus Medical, Arseus Dental and Corilus, are briefly analysed in terms of sales and EBITDA before non-recurring items and corporate costs.

9.4.1. Primary segment analysis: sales by business segment

9.4.1.1 Fagron

	Six months ending		Twelve months ending		
	30.06.2007	30.06.2006	31.12.2006	31.12.2005	31.12.2004
	(in € thousands except growth and margins)				
Sales	50,854	47,503	96,732	98,203	92,522
Sales growth	*7.1%*	*n/a*	*(1.5)%*	*6.1%*	*n/a*
EBITDA before non-recurring items and corporate costs	9,212	8,430	17,623	17,136	17,801
EBITDA margin	*18.1%*	*17.7%*	*18.2%*	*17.4%*	*19.2%*

Sales

Fagron reported sales of €50.9 million for the six months ending June 30, 2007, as compared with €47.5 million for the comparable period in 2006. This 7.1% growth year-over-year was largely due to an overall strong organic growth. Especially the third party compounding activity as well as the supply of large orders of specialty pharmaceutical raw materials to corporate clients in the pharmaceutical, nutraceutical, veterinary and cosmetic industries reported strong growth.

Fagron reported sales of €96.7 million in 2006, as compared with €98.2 million in 2005 and €92.5 million in 2004. The decrease in 2006 was largely due to restructuring activities including the reorganisation of the Fagron Industry sales department. The increase in 2005 was largely due to Fagron's decision to start expanding its range of products and services by supplying larger orders of specialty pharmaceutical raw materials to corporate clients in the pharmaceutical, nutraceutical, veterinary and cosmetic industries as well as the initiation of greenfield activities in France.

On a quarterly basis, sales for 2006 and the first half of 2007 evolved as follows: €23.1 million for the first quarter of 2006, €24.3 million for the second quarter of 2006, €22.0 million for the third quarter of 2006, €27.3 million for the fourth quarter of 2006, €24.2 million for the first quarter of 2007, €26.6 million for the second quarter of 2007.

EBITDA before non-recurring items and corporate costs

Fagron had EBITDA before non-recurring items and corporate costs of €9.2 million for the six months ending June 30, 2007, representing a margin of 18.1% of sales, as compared with €8.4 million for the comparable period in 2006, representing a margin of 17.7%. This margin increase was largely due to a shift in the product mix.

Fagron had EBITDA before non-recurring items and corporate costs of €17.6 million in 2006, representing a margin of 18.2% of sales, as compared with €17.1 million in 2005, representing a margin of 17.4%, and €17.8 million in 2004, representing a margin of 19.2%. The margin increase in 2006 was largely because gross margin increased by 1%, while operating expenses only increased 0.3%. The margin decrease in 2005 was largely due to an increase in operational expenses.

9.4.1.2 Arseus Dental

	Six months ending		Twelve months ending		
	30.06.2007	30.06.2006	31.12.2006	31.12.2005	31.12.2004
	(in € thousands except growth and margins)				
Sales	57,824	50,753	107,625	99,061	107,447
Sales growth	*13.9%*	*n/a*	*8.6%*	*(7.8)%*	*n/a*
EBITDA before non-recurring items and corporate costs	5,652	5,421	10,301	9,927	7,357
EBITDA margin	*9.8%*	*10.7%*	*9.6%*	*10.0%*	*6.8%*

Sales

Arseus Dental reported sales of €57.8 million for the six months ending 30 June 2007, as compared with €50.8 million for the comparable period in 2006. This 13.9% growth year-over-year was partially (7.2%) the result of the acquisitions of Besserat, Liengme and Eurotec during the second half of 2006. However, the remaining growth is organic and is the result of Arseus Dental's expansion strategy, which includes further diversification of its product portfolio and further penetration of new geographical markets such as France and Germany.

Arseus Dental reported sales of €107.6 million in 2006, as compared with €99.1 million in 2005 and €107.5 million in 2004. The increase in 2006 was largely due to geographical expansion and a shift in product mix towards more value-added products and services. The decrease in 2005 was largely due to the disposal of unprofitable distribution agreements.

On a quarterly basis, sales for 2006 and the first half of 2007 evolved as follows: €24.5 million for the first quarter of 2006, €26.1 million for the second quarter of 2006, €22.7 million for the third quarter of 2006, €34.3 million for the fourth quarter of 2006, €28.8 million for the first quarter of 2007, €29.0 million for the second quarter of 2007. There is some seasonality in the business, with the third quarter typically weakest due to the holiday period in July and August, and the fourth quarter typically strongest due to an increased demand for investment goods near the end of the year. Additionally, in 2006 the fourth quarter was further impacted by a bi-annual trade fair.

EBITDA before non-recurring items and corporate costs

Arseus Dental had EBITDA before non-recurring items and corporate costs of €5.7 million for the six months ending 30 June 2007, representing a margin of 9.8% of sales, as compared with €5.4 million for the comparable period in 2006, representing a margin of 10.7%, This margin decrease was largely due to the destruction of inventory for certain dental consumables product lines and lower levels of work-in-progress in Hader.

Arseus Dental had EBITDA before non-recurring items and corporate costs of €10.3 million in 2006, representing a margin of 9.6% of sales, as compared with €9.9 million in 2005, representing a margin of 10.0%, and €7.4 million in 2004, representing a margin of 6.8%. The margin decrease in 2006 was largely due to the impact of acquisition related personnel costs that offset the margin improvement resulting from continued restructuring and reorientation activities. The margin increase in 2005 was largely due to an improved product portfolio and more efficient back-office operations linked to certain restructuring activities undertaken in Arseus Dental.

9.4.1.3 Arseus Medical

	Six months ending		Twelve months ending		
	30.06.2007	30.06.2006	31.12.2006	31.12.2005	31.12.2004
	(in € thousands except growth and margins)				
Sales	24,800	22,181	47,279	58,377	56,383
Sales growth	*11.8%*	*n/a*	*(19.0)%*	*3.5%*	
EBITDA before non-recurring items and corporate costs	1,309	(0,118)	1,940	2,194	2,919
EBITDA margin	*5.3%*	*(0.5)%*	*4.1%*	*3.8%*	*5.2%*

Sales

Arseus Medical reported sales of €24.8 million for the six months ending June 30, 2007, as compared with €22.2 million for the comparable period in 2006. This 11.8% growth year-over-year was largely due to a recovery in sales following the termination of unprofitable distribution contracts as part of the restructuring and reorientation process.

Arseus Medical reported sales of €47.3 million in 2006, as compared with €58.4 million in 2005 and €56.4 million in 2004. The decrease in 2006 was largely due to the elimination of unprofitable distribution agreements as part of the orientation and reorientation process.

On a quarterly basis, sales for 2006 and the first half of 2007 evolved as follows: €11.5 million for the first quarter of 2006, €10.7 million for the second quarter of 2006, €11.4 million for the third quarter of 2006, €13.7 million for the fourth quarter of 2006, €12.0 million for the first quarter of 2007, €12.8 million for the second quarter of 2007. There is some seasonality in the business, with the fourth quarter typically strongest due to an increased demand for investment goods near the end of the year.

EBITDA before non-recurring items and corporate costs

Arseus Medical had EBITDA before non-recurring items and corporate costs of €1.3 million for the six months ending 30 June 2007, representing a margin of 5.3% of sales, as compared with - €0.1 million for the comparable period in 2006, representing a margin of - 0.5%. This margin increase was largely due to a reduction in the cost base resulting from restructuring and reorientation activities.

Arseus Medical had EBITDA before non-recurring items and corporate costs of €1.9 million in 2006, representing a margin of 4.1% of sales, as compared with €2.2 million in 2005, representing a margin of 3.8%, and €2.9 million in

2004, representing a margin of 5.2%. The margin increase in 2006 was largely due to the reduced cost base resulting from restructuring and reorientation activities.

9.4.1.4 Corilus

	Six months ending		Twelve months ending		
	30.06.2007	30.06.2006	31.12.2006	31.12.2005	31.12.2004
	(in € thousands except growth and margins)				
Sales	12,392	12,727	25,335	27,607	26,932
Sales growth (%)	*(2.4)%*	*n/a*	*(8.2)%*	*2.5%*	*n/a*
EBITDA before non-recurring items and corporate costs	3,001	2,877	6,017	7,512	5,836
EBITDA margin (%)	*24.2%*	*22.6%*	*23.7%*	*27.2%*	*21.7%*

Sales

Corilus reported sales of €12.4 million for the six months ending June 30, 2007, as compared with €12.7 million for the comparable period in 2006, This 2.6% decrease year-over-year was largely due to hardware price erosion.

Corilus reported sales of €25.3 million in 2006, as compared with €27.6 million in 2005 and €26.9 million in 2004. The decrease in 2006 was largely due to hardware price erosion and a renewed focus on value-added software solutions and reducing hardware sales as a percentage of total sales.

On a quarterly basis, sales for 2006 and the first half of 2007 evolved as follows: €6.4 million for the first quarter of 2006, €6.3 million for the second quarter of 2006, €5.7 million for the third quarter of 2006, €6.9 million for the fourth quarter of 2006, €6.1 million for the first quarter of 2007, €6.3 million for the second quarter of 2007. There is some seasonality in the business, with the third quarter typically weakest due to the holiday period in July and August.

EBITDA before non recurring items and corporate costs

Corilus had EBITDA before non-recurring items and corporate costs of €3.0 million for the six months ending 30 June 2007, representing a margin of 24.2% of sales, as compared with €2.9 million for the comparable period in 2006, representing a margin of 22.6%. This margin increase was largely due to a fall in operating expense offset by a small reduction in margin due to hardware price erosion.

Corilus had EBITDA before non-recurring items and corporate costs of €6.0 million in 2006, representing a margin of 23.7% of sales, as compared with €7.5 million in 2005, representing a margin of 27.2%, and €5.8 million in 2004, representing a margin of 21.7%. The margin decrease in 2006 was largely due to hardware price erosion and increased personnel costs resulting from the hiring of software developers to develop value-added solutions for healthcare professionals.

9.4.2. Secondary segment analysis: sales by geography

The following table presents the sales split by geography for the years 2004, 2005 and 2006 and the first half years of 2006 and 2007.

	Sixth months ending				Twelve months ending					
	30.06.2007	%	30.06.2006	%	31.12.2006	%	31.12.2005	%	31.12.2004	%
	(all figures in € thousands except growth and margins)									
Belgium*	59,721	41	59,466	45	121,679	44	139,021	49	143,627	51
The Netherlands	49,240	34	44,469	33	88,873	32	87,679	31	84,152	30
Germany**	17,916	12	17,533	13	37,798	14	35,337	13	34,401	12
France	9,394	6	3,648	3	12,240	4	8,331	3	9,980	4
Switzerland	5,874	4	4,639	3	10,016	4	6,907	2	5,450	2
Spain***	3,725	3	3,409	3	6,365	2	5,973	2	5,674	2
Total revenue	**145,870**	**100**	**133,164**	**100**	**276,971**	**100**	**283,248**	**100**	**283,284**	**100**

* Includes sales to Luxembourg

** Includes sales to Austria

*** Includes sales to Portugal

Belgium

Sales in Belgium were €59.7 million for the six months ending 30 June 2007, as compared with €59.5 million for the comparable period in 2006. Sales in Belgium remained relatively flat due to a slight decrease in Corilus sales related to decreasing hardware prices.

Sales in Belgium were €121.7 million in 2006, as compared with €139.0 million in 2005 and €143.6 million in 2004. The decrease in 2006 was largely due to the termination of unprofitable distribution agreements mainly in Arseus Medical and Arseus Dental. Between 2004 and 2006, Corilus experienced a sales decline primarily due to hardware price erosion.

Sales in Belgium have declined from €143.6 million in 2004 to €121.7 million in 2006. This decline can be explained by the fact that Arseus has terminated unprofitable distribution agreements mainly in the Medical and Dental divisions to replace them with more profitable contracts, often outside Belgium. Corilus on the other hand, which depends highly on Belgium, has seen its sales decline mainly due to hardware price deflation. This effect weighs most on the revenues of Arseus in Belgium.

The Netherlands

Sales in the Netherlands were €49.2 million for the six months ending 30 June 2007, as compared with €44.5 million for the comparable period in 2006, This 10.6% increase year-over-year was largely due to sales growth in Fagron, Arseus Dental and Arseus Medical.

Sales in the Netherlands were €88.9 million in 2006, as compared with €87.7 million in 2005 and €84.2 million in 2004. The increase in 2006 was largely due to the growth of Fagron and Arseus Dental and the expansion of Corilus to the Netherlands, where Corilus has developed a strong position with veterinarians. The Dutch growth in these business units was partially offset by decreasing sales in Arseus Medical.

Germany

Sales in Germany were €17.9 million for the six months ending 30 June 2007, as compared with €17.5 million for the comparable period in 2006. This 2% increase year-over-year was largely due to growth in Arseus Dental.

Sales in Germany were €37.8 million in 2006, as compared with €35.3 million in 2005 and €34.4 million in 2004. The increase in 2006 and 2005 was due to sales growth in Arseus Dental and Fagron in Germany.

Fagron entered the German market through the acquisition of Synopharm in 2002 and has shown continued sales growth since 2004. Fagron has a leading position in the German market for pharmaceutical compounding. From this leading position and strong German market platform, Fagron has recently started to serve the Austrian market.

Arseus Dental entered the German market in 2003 through the acquisition of Multident. For Arseus Dental, Germany is currently the second most important market after the Benelux. In Germany, Arseus Dental offers a full range of consumables and equipment to dentists.

France

Sales in France were €9.4 million for the six months ending 30 June 2007, as compared with €3.6 million for the comparable period in 2006. This 158% increase year-over-year was due to organic growth in combination with growth from acquisitions in Arseus Dental.

Sales in France were €12.2 million in 2006, as compared with €8.3 million in 2005 and €10.0 million in 2004. The increase in 2006 was largely due to the acquisition of two companies in Arseus Dental. The decrease in 2005 was also largely due to the restructuring of Arseus Dental.

In France, Arseus is active through Arseus Dental and Corilus. Corilus has only recently started its expansion in the French market where it specifically targets health centres. Arseus Dental entered the French market through its acquisition of Denteco in 2000. Although Arseus realised only 4% of its 2006 sales in France, the French market is becoming increasingly important.

Switzerland

Sales in Switzerland were €5.9 million for the six months ending 30 June 2007, as compared with €4.6 million for the comparable period in 2006. This 27% increase year-over-year was largely due to organic growth of the Swiss business and the acquisition of Liengme which results were included in Arseus's results as of May 2006.

Sales in Switzerland were €10.0 million in 2006, as compared with €6.9 million in 2005 and €5.5 million in 2004. The increase in 2006 was largely due to organic growth of the Swiss business and due to the Liengme acquisition in May 2006. The increase in 2005 was largely due to Arseus Dental.

Spain

Sales in Spain were €3.7 million for the six months ending 30 June 2007, as compared with €3.4 million for the comparable period in 2006. This 9% increase year-over-year was largely due to the successful introduction of the Fagron brand in 2006.

Sales in Spain were €6.4 million in 2006, as compared with €6.0 million in 2005 and €5.7 million in 2004. In Spain, Arseus realises approximately 2% of its revenues, thanks to Fagron that is market leader in the fragmented Spanish market for in-pharmacy compounding raw materials.

United Kingdom

In 2007, Fagron started operations in the United Kingdom.

Italy

In 2007, Fagron entered the Italian market through the acquisition of Polichimica.

9.5. Combined balance sheet

	30.06.2007	%	30.06.2006	%	31.12.2006	%	31.12.2005	%	31.12.2004	%
					(in € thousands)					
Intangible assets	147,629	*48.9*	133,794	*49.6*	145,656	*51.0*	132,610	*48.7*	127,997	*46.9*
Property, plant & equipment	19,480	*6.5*	16,375	*6.1*	16,397	*5.7*	16,844	*6.2*	16,287	*6.0*
Financial assets	255	*0.1*	255	*0.1*	255	*0.1*	2,195	*0.8*	2,208	*0.8*
Deferred tax assets	11,400	*3.8*	*8,150*	*3.0*	10,037	*3.5*	7,530	*2.8*	5,188	*1.9*
Other non-current assets	729	*0.2*	572	*0.2*	667	*0.2*	627	*0.2*	668	*0.2*
Non-current assets	**179,493**	*59.5*	**159,146**	*59.0*	**173,012**	*60.6*	**159,806**	*58.7*	**152,347**	***55.8***
Inventories	54,986	*18.2*	55,198	*20.5*	50,062	*17.5*	51,438	*18.9*	56,020	*20.5*
Trade receivables	52,934	*17.5*	44,513	*16.5*	48,759	*17.1*	48,178	*17.7*	51,536	*18.9*
Cash and cash equivalents	3,029	*1.0*	4,744	*1.8*	2,532	*0.9*	4,707	*1.7*	5,072	*1.9*
Other current assets	11,324	*3.8*	6,021	*2.2*	11,093	*3.9*	7,909	*2.9*	8,219	*3.0*
Current assets	**122,273**	*40.5*	**110,476**	*41.0*	**112,446**	*39.4*	**112,232**	*41.3*	**120,847**	***44.2***
TOTAL ASSETS	**301,766**	*100.0*	**269,622**	*100.0*	**285,458**	*100.0*	**272,038**	*100.0*	**273,194**	***100.0***
Equity	**102,272**	*33.9*	**91,166**	*33.8*	**94,882**	*33.2*	**82,867**	*30.5*	**102,540**	***37.5***
Provisions	912	*0.3*	2,631	*1.0*	1,296	*0.5*	2,800	*1.0*	2,664	*1.0*
Pension obligations	2,158	*0.7*	2,754	*1.0*	2,349	*0.8*	4,471	*1.6*	4,676	*1.7*
Deferred tax liabilities	2,527	*0.8*	2,308	*0.9*	2,423	*0.8*	2,112	*0.8*	1,884	*0.7*
Borrowings	53,232	*17.6*	5,316	*2.0*	52,088	*18.2*	5,735	*2.1*	17,907	*6.6*
Other non current liabilities	0	*0.0*	33	*0.0*	0	*0.0*	35	*0*	65	*0.0*
Non-current liabilities	**58,829**	*19.5*	**13,042**	*4.8*	**58,157**	*20.4*	**15,153**	*5.6*	**27,196**	***10.0***
Borrowings	56,299	*18.7*	97,493	*36.2*	53,618	*18.8*	100,160	*36.8*	75,856	*27.8*
Trade payables	57,186	*19.0*	38,382	*14.2*	49,525	*17.3*	49,058	*18.0*	46,159	*16.9*
Taxes, remunerations & social security	19,448	*6.4*	16,811	*6.2*	19,058	*6.7*	15,861	*5.8*	14,839	*5.4*
Other current payables	7,732	*2.6*	12,728	*4.7*	10,219	*3.6*	8,939	*3.3*	6,604	*2.4*
Current liabilities	**140,665**	*46.6*	**165,414**	*61.4*	**132,419**	*46.4*	**174,019**	*64.0*	**143,458**	***52.5***
TOTAL EQUITY & LIABILITIES	**301,766**	*100.0*	**269,622**	*100.0*	**285,458**	*100.0*	**272,038**	*100.0*	**273,194**	***100.0***

9.5.1. Assets

Over the period from 2004 to the first half year of 2007, Arseus's non-current assets were mainly comprised of intangible assets. Approximately 45% of non-current assets relate to goodwill on acquired companies, which is a result from the Group's buy-and-build strategy that has been deployed since 1998 and which is expected to continue

for the coming years. In 2006, Arseus Dental has acquired four businesses, increasing goodwill by €11.5 million compared to 2005. The remaining part of the intangible assets relates to capitalised R&D on the development of Corilus software, concessions, patents and licenses.

Property, plant, and equipment remained stable between 2004 and 2006 at approximately 6% of Arseus's balance sheet total. During the first half year of 2007, property, plant, and equipment increased slightly to approximately 6.5% of Arseus's balance sheet total due to investments in the headquarters of Arseus in Waregem. Tangible fixed assets are relatively low as the Group's policy is to lease real estate rather than owning it.

Financial fixed assets have decreased from €2.2 million in 2004 and 2005 to €0.3 million in the first half year of 2007. The decline was the result of the sale of financial assets to Omega Pharma. The remaining part of the financial fixed assets relates to a participation in Dental Union in Germany.

Deferred tax assets have more than doubled from €5.2 million in 2004 to €11.4 million in the first half year of 2007. In 2006, approximately 77% of deferred tax assets related to tax losses carried forward. The sharp increase in these assets is primarily due to the dental and medical activities of Arseus.

Arseus's total current assets have decreased by 7.0% between 2004 and 2006. Inventories are down to €50.1 million in 2006 from €56.0 million in 2004, which corresponds with an average inventory turnover decrease from 72 days to 66 days. The effect of Arseus's working capital strategy is also illustrated by the decrease in trade receivables. Between 2004 and 2006, Arseus managed to make customers pay 2.2 days faster. The number of days' sales outstanding decreased from 66.4 days in 2004 to 64.2 days in 2006.

Arseus aims at a cash position near zero, which is illustrated by the decrease in cash and cash equivalents between 2004 and 2006. The Group aims as much as possible to fund its operations with cash generated by its business.

9.5.2. Liabilities

Over the period from 2004 to 2006, Arseus's non-current and current borrowings evolved from €93.8 million in 2004 to €105.7 million in 2006. In the first half year of 2007, non-current and current borrowings slightly increased to €109.5 million. Over 90% of this financial debt comprises loans from Omega Pharma at market conditions, which will be refinanced by financial institutions at completion of the Offering (see section 9.8). Arseus's management aims to keep net debt lower than 3 to 3.5 times EBITDA. On the liabilities side of its balance sheet Arseus has successfully improved its working capital too. The number of days' purchases outstanding has increased from 105.3 days in 2004 to 123.6 days in 2006. Hence, the Group has extended supplier credit by 18.4 days over a period of two years.

9.6. Combined cash flow statement

	Six months ending		Twelve months ending		
	30.06.2007	30.06.2006	31.12.2006	31.12.2005	31.12.2004
	(all figures in € thousands)				
Profit before income tax	9,247	10,249	14,611	19,808	20,644
Taxes paid	(1,284)	(3,541)	(4,627)	(6,163)	(8,833)
Total adjustments for non-cash items	6,512	3,770	6,912	11,777	9,073
Total changes in working capital	(4,900)	(7,827)	674	9,119	(11,845)
Net cash flow from operating activities	9,576	2,651	17,570	34,541	9,038
Capital expenditure	(7,343)	(3,376)	(7,493)	(9,051)	(11,389)
Proceeds from the sale of fixed assets	877	1,685	2,356	381	1,939
Investments in existing shareholdings (deferred payments) and in new shareholdings	(1,977)	(1,623)	(8,639)	(29,478)	(6,053)
Net cash flow from investments	(8,443)	(3,314)	(13,776)	(38,148)	(15,503)
Net cash flow from financing	(670)	716	(5,946)	3,248	2,163
Net increase (decrease) in cash and cash equivalents	463	53	(2,152)	(359)	(4,302)
Cash and cash equivalents — start of the period	2,532	4,707	4,707	5,071	9,364
Gains or losses on exchange liquid assets	34	(16)	(23)	(5)	9
Cash and cash equivalents — end of the period	3,029	4,744	2,532	4,707	5,071
Net increase (decrease) in cash and cash equivalents	463	53	(2,152)	(359)	(4,302)

The cash flow from operating activities has declined from 2005 to 2006, in line with profit before tax. The main fluctuations in non-cash items mainly relate to the increased capitalised development costs for Corilus's software.

Working capital needs have significantly decreased from €9 million in 2005 to €0.7 million in 2006, demonstrating the Group's success in bringing down its working capital assets.

The net cash flow from operating activities has almost halved from 2005 to 2006 but remains almost double of the operational cash flow of 2004 which shows that the restructuring process started in 2005 starts to pay off. Arseus reported €9.6 million cash flow from operating activities in the first half year of 2007, a strong increase compared to the same period in 2006.

The net cash position of Arseus decreased every year from 2004 to 2006. In 2005 the cash flow from operations and financing was not sufficient to cover the investments in 2005, whereas in 2006 the cash flow used in financing and investing activities was slightly higher than the cash flow from operations.

9.7. Investments

In the period from 2004 to 2006 the capital expenditures have decreased from €11.4 million to €7.5 million as management was more focused on the reorientation of the business resulting in the sale of specific assets. The investments made in 2006 were mainly related to the development of training centres in order to enhance its service offering. The investments made in 2004 were mainly related to the renovation of buildings.

The investments in existing shareholdings (deferred payments) and in new shareholdings refer to investments in new shareholdings purchased outside the Group or purchased from Omega Pharma. In 2005, Arseus acquired the subsidiaries of Corilus from Omega Pharma. In 2006, Arseus acquired three dental businesses Besserat, Liengme and Eurotec.

The proceeds from the sale of fixed assets refer to the sale of vacant buildings due to the restructuring process that has been undertaken. Different businesses have been integrated within a single organisation and many facilities have been consolidated.

In the near future, Arseus intends to maintain the same level of investments as in the first half year of 2007.

9.8. Recent developments

On 4 June 2007, Arseus reached an agreement with the Poli family to acquire the activities of the Italian company Polichimica. Formal closing of this asset deal has taken place in July 2007. Arseus paid approximately €7 million in cash for this acquisition, which fits perfectly with the activities of the Fagron division. In 2006, Polichimica achieved a turnover of over €10 million with 58 employees. It is expected that the €0.7 million annual EBITDA of Polichimica can substantially be increased within the Fagron division of Arseus.

During the preparation of its IPO, Arseus has agreed to a €200 million revolving credit facility. The agreement will take effect at the Closing Date for a term of 5 years, which can be extended to 7 years. It is the Company's intention to partially use this credit facility to refinance Arseus's financial debt towards Omega Pharma. A substantial part of this credit facility remains at Arseus's disposal for the implementation of its buy-and-build strategy. This credit facility is characterised by a competitive interest rate and is structured as a 'club deal' with ING (facilitator), Commerzbank, Dexia, Fortis and KBC that thus express their confidence in Arseus.

10. GENERAL INFORMATION ABOUT THE ISSUER AND ITS SHARE CAPITAL

10.1. General information

This Section summarises the corporate purpose, share capital and corporate structure of the Issuer and the rights attached to the Shares. It is based on the Issuer's articles of association that have been amended by the Issuer's extraordinary shareholders' meeting, held on 7 September 2007. Some of these amendments will become effective upon completion of the Offering on the Closing Date.

The Issuer is a limited liability company *(naamloze vennootschap)* and has been incorporated under Belgian law on 29 June 2007 for an indefinite period of time under the name "Arseus". The Issuer has been founded by Arseus B.V. and Arseus België NV, which have sold their shares in the Issuer to Omega Pharma NV and Omega Pharma Holding (Nederland) B.V. on 31 August 2007. Pursuant to the provisions of the Belgian Company Code, the liability of the shareholders of the Issuer is limited to the amount of their respective committed contribution to the capital of the Issuer.

The Issuer's registered office is located at Textielstraat 24, 8790 Waregem, Belgium (tel. nr. +32 (0)56 62 88 00), and it is registered with the Belgian register for legal entities (*rechtspersonenregister*) under the number 0890.535.026 (Kortrijk). The publicly available documents related to the Issuer and quoted in this Prospectus can be reviewed and/or obtained at its registered office.

At its meeting of 7 September 2007, the extraordinary shareholders' meeting of the Issuer passed amongst others the following decisions:

- contribution of the shares of Arseus B.V. into the Issuer's capital;
- contribution of the Debt Receivables into the Issuer's capital (see also Section 10.4.1);
- increase of the Issuer's share capital within the framework of the Offering;
- appointment and remuneration of directors; and
- amendment of the Issuer's articles of association with respect to the envisaged capital increases, the proposed listing, authorised capital and redemption of Shares.

The aforementioned resolutions of the extraordinary shareholders' meeting of the Issuer on 7 September 2007, are subject to completion of the Offering on the Closing Date.

The description provided hereafter is a summary only and does not purport to give a complete overview of the Issuer's articles of association, nor of the relevant provisions of Belgian law, neither should it be considered as legal advice regarding these matters.

The description below assumes that the changes to the Issuer's articles of association, which were approved on 7 September 2007, subject to the condition of completion of the Offering, have become effective.

10.2. Corporate purpose

According to article 3 of the Issuer's articles of association, the corporate purpose of the Issuer is as follows[6]:

- to invest in, subscribe to, participate directly or indirectly in, place, sell, buy and trade in, acquire and place all shares, units, bonds, certificates, claims, credits, funds and other movable values and transferable securities issued by Belgian or foreign existing or still to be incorporated companies, taking the form of commercial companies, trust offices, institutions and associations, with or without a (semi-) public legal statute;
- to incorporate, in any way participate in, acquire and manage any participation in any existing or still to be incorporated Belgian or foreign company. To retain, transfer or in any other way manage all kinds of participations and interests in other Belgian or foreign companies and enterprises, to establish joint-ventures with other companies or enterprises. To hold mandates as director or liquidator, to provide advice, management and other services to these companies. These services may be provided both on a contractual and a statutory basis and in the capacity of external consultant or official body of the company;
- to finance companies and enterprises in the broadest sense; to borrow, lend and collect funds, including to issue bonds, debentures, or other securities, as well as to enter into related agreements; to provide guarantees and collaterals, to bind the Issuer and encumber assets of the Issuer in favour of the enterprises and companies

[6] The description provided is a translation from the Dutch original.

belonging to the same group and in favour of third parties, but in any case excluding activities which are subject to special regulations;

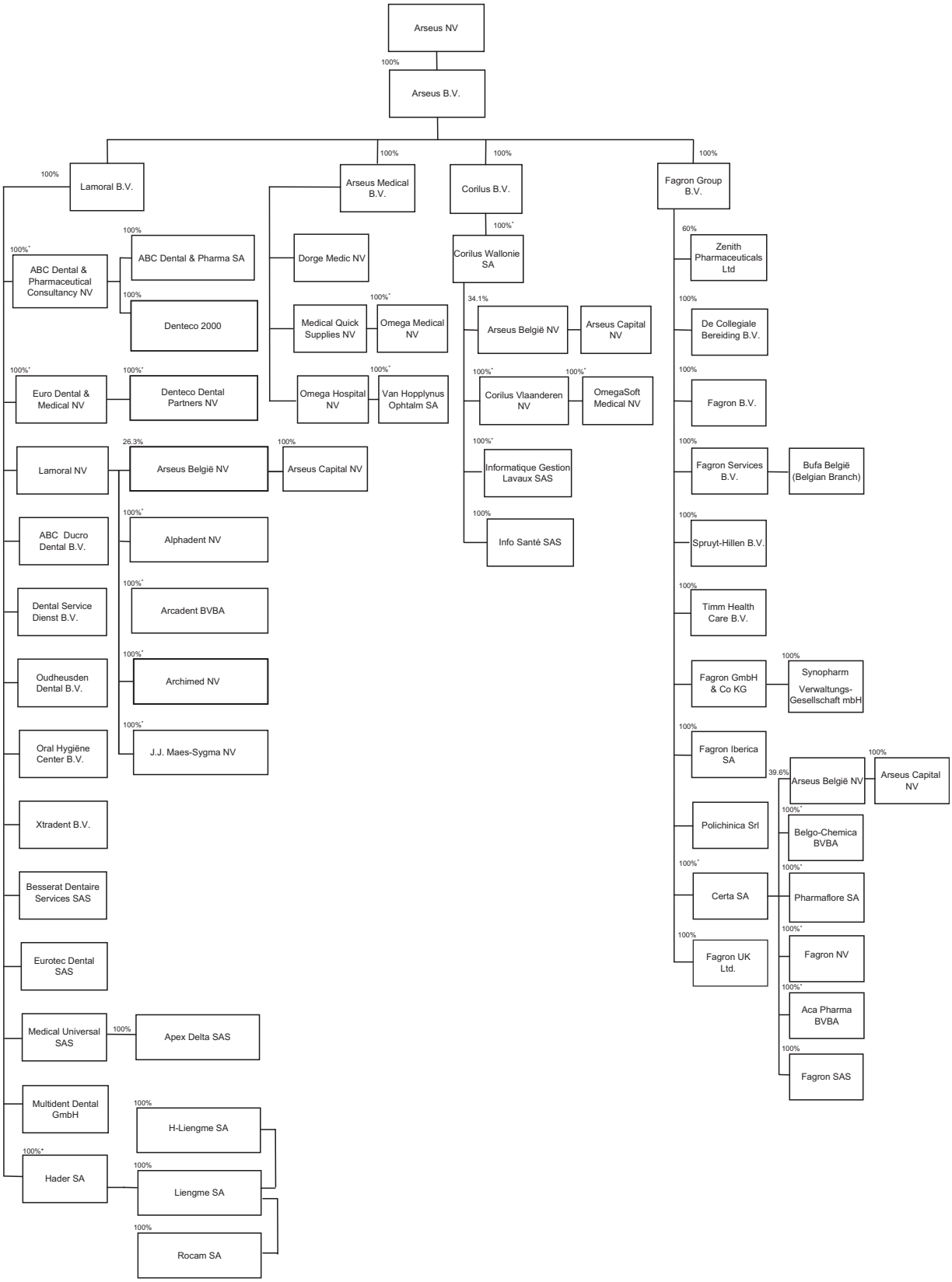
- to provide consultancy of a financial, technical, commercial or administrative nature in the broadest sense excluding consultancy concerning investments and money placements; to provide support and services, directly or indirectly, in the area of administration and finance, sales, marketing, production and general management; to provide administrative and computer services;
- to develop, buy, sell, manage or exploit brands, patents, know-how, and other intellectual property rights; to obtain and grant licenses, sub-licences and similar rights irrespective of their label and description;
- to buy and sell, import and export, agency business and representation of any goods, acting as trade intermediary (*handelstussenpersoon*);
- to do research, develop, produce or commercialise new products, new designs of technologies and their applications;
- to collect, judiciously develop and manage an immovable patrimony, all transactions concerning immovable rights *in rem*, such as financial leasing of real estate to third parties, to acquire, sell, swap, construct, reconstruct, maintain, let, rent, divide into lots, prospect and exploit real estate, to buy and sell, let and rent movable property, as well as all acts which directly or indirectly relate to this purpose and which are of a nature to increase revenues generating from movable or real property, as well as guarantee the smooth working of commitments entered into by third parties who might have the use of these movable or real properties;
- to offer individual and combined services and support to enterprises and self-employed persons, to put business accommodation, office space and shop space at the disposal of enterprises and initiatives, to offer logistics and secretary work to enterprises and initiatives; and
- to carry out all commercial, industrial, immovable, movable or financial operations, which directly or indirectly relate or connect to its purpose or which may facilitate its realisation. The Issuer may by way of contribution, merger, subscription or any other way, take an interest in enterprises, associations or companies having an identical, similar or related purpose or which are useful for the realisation of the whole or a part of its purpose.

The above enumeration is not limitative and the Issuer may perform all acts that may in any way be useful to realise its purpose. The Issuer may realise its purpose in Belgium and abroad in any way which it finds to be the best suitable way.

The Issuer may by no means provide asset management or investment consultancy, as mentioned in the applicable laws and royal decrees. The Issuer shall refrain from all activities that are subject to special regulations in so far as the Issuer itself does not meet the terms of these regulations.

10.3. Group structure

Upon establishment of the Contribution in Kind expected to take place on or around 9 October 2007, i.e. the Closing Date, the Group structure will be as follows:



(*) Ownership equals 100% minus 1 share.

Upon establishment of the Contribution in Kind the Issuer will have the following direct and indirect material[7] subsidiaries:

Name	Jurisdiction	Registered office	Ownership %[(1)]
Corilus Wallonie SA	Belgium	Rue Camille Hubert 23 5032 Les Isnes	100%
Corilus Vlaanderen NV	Belgium	Hogenakkerhoekstraat 5 9150 Kruibeke	100%
OmegaSoft Medical NV	Belgium	Knokkeweg 23 9880 Aalter	100%
Multident Dental GmbH	Germany	Mellendorfer Strasse 7-9 30625 Hannover	100%
Oudheusden Dental B.V.	The Netherlands	Leeuwerikenlaan 2 3704 Zeist	100%
Lamoral Nederland B.V.	The Netherlands	Cartografenweg 18 5141 MT Waalwijk	100%
Hader SA	Switzerland	Rue Jardinière 153 2300 La Chaux-de-Fonds	100%
Lamoral NV	Belgium	Textielstraat 24 8790 Waregem	100%
Alphadent NV	Belgium	Textielstraat 24 8790 Waregem	100%
Fagron NV	Belgium	Textielstraat 20 8790 Waregem	100%
Spruyt-Hillen B.V.	The Netherlands	Tinbergenlaan 1 3401, MT Ijsselstein Utrecht	100%
Certa SA	Belgium	Avenue du Commerce 23 1420 Braine L'Alleud	100%
Fagron GmbH & Co. KG	Germany	Von-Bronsart-Strasse 12 Barsbüttel	100%
Fagron B.V.	Netherlands	Hoogeveenseweg 210 2913 LV Niewerkerk ad Ijssel	100%
Aca Pharma	Belgium	Textielstraat 24 8790 Waregem	100%
Omega Medical NV	Belgium	Textielstraat 24 8790 Waregem	100%
Omega Hospital NV	Belgium	Boomsesteenweg 524 2610 Antwerpen-Wilrijk	100%
Arseus Medical B.V.	The Netherlands	Gelderlandhaven 4 3433 PG Nieuwegein	100%

(1) Directly and indirectly.

10.4. Share capital and Shares

10.4.1. Development of the share capital of the Issuer

The Issuer was incorporated on 29 June 2007. At incorporation, the share capital of the Issuer amounted to €61,500 represented by 100 registered Shares without par value, fully paid up in cash and each representing an identical fraction of the Issuer's share capital. All the Shares have the same rights. Apart from the New Shares, the Existing Shares, the Offering Warrants, the warrants of Warrant Plan 1 and Warrant Plan 2 as described in Section 10.5, the Issuer has not issued, and will not issue prior to completion of the Offering any other securities, whether or not representing the Issuer's share capital.

On 7 September 2007, the Issuer's extraordinary shareholders' meeting resolved to increase the Issuer's share capital by way of the Contribution in Kind, subject to completion of the Offering. The Contribution in Kind consists

[7] A material company is a company which individually exceeds 2% of the total turnover of the Arseus group.

of the following parts: (i) Contribution in Kind of Arseus B.V. shares by Omega Pharma, and (ii) contribution of the Debt Receivables held by the Contributors.

(i) Contribution in Kind of Arseus B.V. shares

The Contribution in Kind of Arseus B.V. shares will be effected subject to the condition precedent of completion of the Offering. The shares in Arseus B.V. will be contributed at a value per share equal to the Offer Price. Immediately after termination of the book-building procedure, two of the Issuer's directors will establish the Offer Price and thus the value of the contributed shares in Arseus B.V.

(ii) Contribution in Kind of the Debt Receivables held by the Contributors

Pursuant to the acquisition by Lamoral Nederland B.V., a subsidiary of the Issuer upon completion of the Offering, of the entire outstanding share capital of Besserat Dentaire Service S.A. (from Medical Resources Holding S.A., Mardis Holding and Karen Besserat) and Eurotec Dental S.A.S. (from Medical Resources Holding S.A., Lisette Maruani and Jean-Philippe Paret), the Contributors have an aggregate debt receivable amounting to €2 million vis-à-vis Lamoral Nederland B.V. (as part of the purchase price payment for these respective companies).

The Contributors have agreed to contribute the Debt Receivables in the share capital of the Issuer at the agreed valuation of €2 million. In exchange for their contribution, the Contributors will receive a number of Shares equal to the valuation of the claim divided by the Offer Price.

As soon as the condition precedent of the completion of the Offering is fulfilled, two of the Issuer's directors will then establish the Contribution in Kind and the amount by which the Issuer's share capital will be accordingly increased and they will issue the Shares pursuant to the above to (i) the shareholder of Arseus B.V. who contributed its shares in Arseus B.V. into the Issuer (i.e. Omega Pharma), and (ii) the Contributors who have contributed the Debt Receivables to the share capital of the Issuer.

The same extraordinary shareholders' meeting decided to increase the Issuer's share capital in relation to the issue of the New Shares, the Offering Warrants and the warrants of Warrant Plan 1 and Warrant Plan 2 as required for the purposes of the Offering (see Section 10.5.2.) and granted the directors of the Issuer the powers required to establish the capital increase and issue the New Shares and Offering Warrants to the investors upon completion of the Offering on the Closing Date.

10.4.2. Development of the capital of Arseus B.V.

On the date of this Prospectus, the authorised share capital (*maatschappelijk kapitaal*) of Arseus B.V. amounts to €100,000,000, with an issued share capital (*geplaatst kapitaal*) of €24,999,900.

The table below provides an overview of the history of Arseus B.V.'s share capital and other transactions involving the shares in Arseus B.V. since its incorporation on 3 March 1993. The overview should be read together with the notes set out below the table.

Date	Action	Shareholder	Number of shares	Price per share
3 March 1993	Incorporation: €18,151.21 (NLG 40,000)	J. De Jong Beheer B.V.	400	€45.378 (NLG 100)
27 December 2001	Transfer of all shares to Omega Pharma	Omega Pharma	400	€45.378 (NLG 100)
31 December 2002	Transfer of all shares to Omega Pharma Holding (Nederland) B.V.	Omega Pharma Holding (Nederland) B.V.	400	€45.378 (NLG 100)
31 December 2002	Nominal value changed to €45 per share	Omega Pharma Holding (Nederland) B.V.	400	€45
15 September 2006 (shareholders' decision) 10 October 2006 (actual issuance deed)	Issue of two shares to Omega Pharma Holding (Nederland) B.V.(1)	Omega Pharma Holding (Nederland) B.V.	402	€45
2 April 2007	Issue of one share to Omega Pharma Holding (Nederland) B.V.(2)	Omega Pharma Holding (Nederland) B.V.	403	€45
31 August 2007	Capital increase to €24,999,900	Omega Pharma Holding (Nederland) B.V.	24,999,900	€1
31 August 2007	Transfer of all shares to Omega Pharma	Omega Pharma	24,999,900	€1

(1) Against contribution in kind of the share capital in (the predecessors, if applicable, of) Lamoral Nederland, Arseus Medical, Fagron Group, Corilus and De Collegiale Bereiding.

(2) Against contribution in kind of the transfer of the share capital in Fagron GmbH & Co, KG.

Points (1) and (2) must be situated in the restructuring of the Arseus group in view of the centralisation of Arseus B.V. as holding company of the Arseus division.

On 31 August 2007, the share capital of Arseus B.V. was increased, pursuant to which the share capital of Arseus B.V. amounts to €24,999,900, represented by 24,999,900 shares. At the same date, Omega Pharma Holding (Nederland) B.V. transferred its shareholding in Arseus B.V. to Omega Pharma at a price per share which shall be equal to the Offer Price. Pursuant to this transfer, Omega Pharma is the sole shareholder of Arseus B.V.

10.4.3. Description of rights attached to the Shares

10.4.3.1 Voting rights

Each shareholder of the Issuer is entitled to one vote per Share. Shareholders may vote by proxy.

For the Issuer's benefit, the Shares are deemed to be indivisible. If several owners own one Share, or if the rights attached to a Share are divided among several persons, the Issuer may suspend the exercise of rights attached to such Share until one person is appointed as the owner of the Share for the Issuer's benefit.

Voting rights can further be suspended (i) by a competent court or the CBFA, (ii) in the event that the Shares were not fully paid-up notwithstanding a request thereto by the board of directors, and (iii) in respect of Shares which entitle their holder to voting rights above the threshold of 3%, 5% or any multiple of 5% of the total number of voting rights attached to the Issuer's securities on the date of the relevant shareholders' meeting, except where the shareholder has notified the Issuer and the CBFA at least 20 days prior to the relevant shareholders' meeting on which it wishes to vote.

None of the principal shareholders of the Issuer has different voting rights.

10.4.3.2 Right to attend and vote at shareholders' meetings

The annual shareholders' meeting is held on the second Monday of May at 2.00 p.m., or, if this date falls on a public holiday, the meeting will be held at the same time on the next business day, at the registered office of the Issuer or at the place determined in the convocation notice. Taking into account the shortened financial year, the first annual shareholders' meeting will be held in May 2008.

An extraordinary shareholders' meeting may be convened by the board of directors or the statutory auditor (or the liquidators, if appropriate) whenever the Issuer's interests so require and must be convened at the request of shareholders representing at least 20% of the Issuer's share capital.

a. Notices convening the shareholders' meeting

The notice of the shareholders' meeting must state the place, date and time of the meeting and must include an agenda indicating the items to be discussed as well as any motions for resolutions.

In accordance with Article 533 of the Belgian Company Code, the notice must be published in the Belgian Official Gazette *(Belgisch Staatsblad)* at least 24 days prior to the meeting or the registration date (if so specified in the convening notice). The notice must also be published in a national newspaper 24 days before the meeting or the registration date (if so specified in the convening notice), except if it concerns an annual shareholders' meeting held at the municipality, place, day and hour mentioned in the articles of association of the Issuer and the agenda of which is limited to the examination and approval of the annual accounts, the board of directors' annual report, the statutory auditor's annual report and the vote on the discharge of the directors and the statutory auditor. The annual accounts, the board of directors' annual report and the statutory auditor's annual report are made available to the shareholders, holders of bonds, warrants and certificates issued with the co-operation of the Issuer at least 15 days prior to the annual shareholders' meeting.

Convening notices will be sent 15 days prior to the meeting to holders of registered Shares, holders of registered bonds, holders of registered warrants, holders of registered certificates issued with the co-operation of the Issuer, directors and the statutory auditor of the Issuer. This communication is made by ordinary letter unless the addressees have individually and expressly accepted in writing to receive the notice by another form of communication, without having to give evidence of the fulfilment of such formality.

If all Shares, bonds, warrants and certificates issued are registered, communication may be limited to sending of notices by registered post unless the addressees have individually and expressly accepted in writing to receive the notice by another form of communication.

b. Formalities to attend the shareholders' meeting

All shareholders and holders of warrants and bonds (if any) issued by the Issuer and all holders of certificates issued with the co-operation of the Issuer (if any) are entitled to attend the shareholders' meeting, it being understood that only shareholders can vote at a shareholders' meeting.

The holders of registered instruments must be registered in the relevant register book and inform the board of directors of their intention to attend the shareholders' meeting at least 3 working days before the meeting in order to be admitted to the shareholders' meeting.

The holders of bearer instruments must deposit their instruments at least 3 working days before the meeting at the place specified in the notice.

The holders of dematerialised Shares must file a certificate of unavailability issued by a recognised account holder or by the institution of liquidation at least 3 working days before the meeting at the place specified in the notice.

In accordance with Article 536 of the Belgian Company Code, the notice convening the shareholders' meeting may provide for a registration date. If this is the case, the shareholders shall only be entitled to participate in the shareholders' meeting and to exercise their voting rights with respect to the Shares of which they are the holder at 12 p.m. on the registration date. The above applies irrespective of the number of Shares held by each shareholder on the day the shareholders' meeting takes place. The registration date cannot be set earlier than the fifteenth day nor later than the fifth working day prior to the shareholders' meeting.

c. Proxy

Each shareholder has the right to attend and vote at the shareholders' meeting in person or through a proxy holder. The proxy holder does not need to be a shareholder. In its notice, the board of directors may specify the format that the power of attorney must take and require it to be deposited at least 3 working days prior to the shareholders' meeting at a place specified in the notice.

d. Quorum and majorities

There is no attendance quorum at the shareholders' meeting, except as provided by law in relation to decisions regarding certain matters. Decisions are taken by a simple majority of the votes cast, except where the law or the articles of association of the Issuer provide for a special majority.

Matters involving special quorum and majority requirements include, among others, amendments to the articles of association, including amendments to the rights attached to the Shares, the issue of new Shares (save for capital increases and corresponding Share issues which are decided by the board of directors within the framework of the authorised capital), the issue of convertible bonds or warrants and decisions regarding mergers and de-mergers, which require at least 50% of the share capital to be present or represented and the affirmative vote of the holders of at least 75% of the votes cast.

Amendments to the corporate purpose of the Issuer require at least 50% of the share capital and 50% of the profit-sharing certificates (if any) to be present or represented and the affirmative vote of at least 80% of the votes cast at the shareholders' meeting. If the quorum is not reached, a second meeting may be convened which can validly deliberate and resolve regardless of the quorum. The special majority requirements, however, remain applicable.

10.4.3.3 Dividends

All Shares, including upon issue the Shares Offered, rank equally in all respects and will be eligible for any dividend which the Issuer may declare on its Shares. The Shares carry full dividend rights if and when declared in respect of the shortened financial year 2007.

Pursuant to a proposal of the board of directors, the balance of the net annual profit is presented to the shareholders' meeting, which has the sole authority to resolve on its attribution by simple majority of the votes cast, and this within the restrictions established by Articles 617 to 619 of the Belgian Company Code.

No dividend may be paid if the net assets according to the Issuer's annual accounts at the close of the last financial year are lower than, or, pursuant to such distribution, would fall below the amount of the paid-up capital, or, if this amount would be higher, of the subscribed capital, increased with all reserves which may not be distributed in accordance with law or the Issuer's articles of association.

The board of directors may, in accordance with the provisions of the Belgian Company Code, issue an advance payment which must be deducted from the dividend paid on the results of the corresponding financial year; the board of directors determines the amount of these advance payments and the payment date.

Dividends are paid on the date and at the location determined by the board of directors.

In accordance with Article 2277 of the Belgian Civil Code, the payment obligation of dividends expires after five years and exclusively in relation to registered Shares. In principle, the distribution obligation of dividends on bearer shares cannot expire. Pursuant to the Law of 24 July 1921, as amended by the Law of 22 July 1991, the Issuer has the possibility to deposit these dividends with the Deposit and Consignation Office (*Deposito- en Consignatiekas*). The dividend deposited with the Deposit and Consignation Office which was not claimed within thirty years, will accrue to the Belgian State.

Since its corporation, Arseus B.V. has paid out €126,519.00 in dividends to its shareholders, and for the last time in 2004 (referring to the financial period 2003). No dividends have been paid out for the financial years 2004, 2005 and 2006.

Following the Offering, the Issuer's dividend practice will be determined and may change from time to time by determination of the Issuer's board of directors. In this respect, the board of directors of the Issuer will carefully analyse how to create the highest shareholder value and align its dividend payout accordingly. In view of the Issuer's vision and the related buy-and-build strategy (also see Section 6.4.3), the Issuer may decide to reinvest the majority of its free cash flow in the next few years, while paying out a limited, though annually increasing amount in dividends to its shareholders.

Any issue of dividends will be based upon the Issuer's earnings, financial condition, capital requirements and other factors considered important by the board of directors.

10.4.3.4 Rights regarding dissolution and liquidation

If, as a result of losses, the Issuer's net assets are less than 50% of its share capital, the directors must submit the question of dissolving the Issuer and any other possible steps to the shareholders' meeting for consideration. In accordance with Article 633 of the Belgian Company Code, the shareholders will deliberate on these matters at a

shareholders' meeting. The board of directors must justify its proposals in a special report to the shareholders' meeting. If the board of directors proposes that the Issuer's activities be continued, it must detail the measures that it proposes to take to regulate the Issuer's financial situation. The shareholders must convene at a shareholders' meeting within 2 months after the loss is noted, or should have been noted under legal or statutory provisions, to discuss the dissolution of the Issuer and any other measures listed on the agenda.

If, as a result of losses, the Issuer's net assets are less than 25% of the Issuer's share capital, the shareholders' meeting may approve the Issuer's dissolution. For such approval, 25% of the votes cast must be in favour of dissolution.

If the Issuer's net assets are less than the legal minimum, an interested party may ask the court to dissolve the Issuer. The court may grant the Issuer a stay to allow it to remedy its situation.

If the Issuer is to be dissolved for any reason, the liquidation will be carried out by one or more liquidators appointed by the shareholders' meeting, or failing such appointment, by the board of directors acting as a liquidation committee. Any balance remaining after discharging all debts, liabilities and liquidation costs must first be applied to reimburse, in cash or in kind, the paid up capital of the Shares not yet reimbursed. Any remaining balance shall be equally distributed amongst all the shareholders. If the net proceeds are insufficient to reimburse all the Shares, the liquidators shall first reimburse those Shares paid up to a greater extent to equalise them with the Shares paid up to a lesser extent, or shall call for an additional payment by the holders of Shares paid up to a lesser extent.

10.4.3.5 Changes to the share capital

a. Changes to the share capital decided by the shareholders

Pursuant to the Belgian Company Code, the Issuer may increase or decrease its share capital by decision of the Issuer's shareholders' meeting, taken with a majority of 75% of the votes cast, at a meeting where at least 50% of the share capital of the Issuer is present or represented.

b. Authorised capital

The shareholders's meeting of the Issuer may authorise the board of directors to increase the Issuer's share capital (the authorised capital). The board of directors can use its powers under the authorised capital for a renewable period of maximum 5 years as of the publication of the deed of capital increase in the annexes to the Belgian Official Gazette. The amount of the authorised capital cannot exceed the amount of the issued share capital of the Issuer.

On 7 September 2007, the extraordinary shareholders' meeting of the Issuer decided as of completion of the Offering to grant an authorisation to the board of directors to increase the Issuer's share capital in one or more transactions by a maximum amount equal to the Issuer's share capital as established at completion of the Offering. The powers of the board of directors within the limits of the authorised capital that was granted on 7 September 2007 will be effective upon completion of the Offering, and will be valid for a period of five years as of the publication of the deed of capital increase in the annexes to the Belgian Official Gazette.

If the capital is increased within the limits of the authorised capital, the board of directors will be authorised to request payment of an issue premium. If the board of directors so resolves, this issue premium will be booked on a non-available account, which may only be decreased or disposed of by a resolution of a shareholders' meeting taken in accordance with the provisions governing on an amendment of the articles of incorporation.

This board of directors' authorisation will be valid for capital increases subscribed for in cash or in kind, or made by capitalisation of reserves, with or without issuing new Shares. The board of directors is authorised to issue convertible bonds or warrants within the limits of the authorised capital.

The board of directors is authorised, within the limits of the authorised capital, to restrict or exclude the preferential subscription right of the shareholders in the interest of the Issuer and in accordance with Article 596 onwards of the Belgian Company Code. The board of directors is authorised to restrict or exclude the pre-emption right of the shareholders in favour of one or more persons, even if the designated persons are others than members of the personnel of the Issuer or its subsidiaries.

The board of directors shall not be authorised to use the authorised capital in the event of public take over bid.

10.4.3.6 Preferential subscription right

Belgian company law and the Issuer's articles of association give shareholders preferential subscription rights to subscribe on a *pro rata* basis for any issue of new Shares subscribed for in cash, convertible bonds or warrants. These preferential subscription rights are transferable during the subscription period and within the limits of the transferability of the Shares to which they relate. They can be exercised during a period determined by the

shareholders' meeting, with a legal minimum of 15 days. The shareholders' meeting may restrict or withdraw the preferential subscription rights, subject to the quorum and voting requirements required for any amendment to the articles of association, and subject to special reporting requirements. The shareholders' meeting may also authorise the board of directors to restrict or withdraw the preferential subscription rights when issuing securities within the framework of the Issuer's authorised capital (see Section 10.4.3.5b).

The board of directors is authorised, within the limits of the authorised capital, to limit or declare inapplicable the preferential subscription rights as set out in Section 10.4.3.5.

10.4.4. Form and transferability of the Shares

The Shares are, by choice of the shareholder, registered Shares, bearer shares or dematerialised Shares. The bearer shares will be represented by one or more global bearer certificates that will be deposited with Euroclear Belgium – CIK, Euroclear Belgium CIK will hold these bearer Shares for the account of the beneficiaries. The bearer Shares will only be delivered in book-entry form, by way of a positive balance on the securities account of the beneficiary. The Issuer will not print any Shares.

Given the further dematerialisation of bearer securities, it should be noted that the bearer securities that have been credited to a securities account will be converted automatically into dematerialised securities as from 1 January 2008, as provided in article 8 of the articles of association.

Each shareholder may, at all times and at its own cost, ask for conversion of its Shares into Shares of a different type provided for by the law.

The articles of association of the Issuer provide that the Shares are freely transferable. The Issuer, the members of the Executive Committee, Couckinvest, the Contributors and the Selling Shareholder have committed themselves for a period of 360 respectively 180 days after the Listing Date, to observe a number of limitations to this free transferability (see Section 2.9). Such restrictions shall only apply to the shares held by the Issuer, the members of the Executive Committee, Couckinvest, the Contributors and the Selling Shareholder.

10.4.5. Purchase and sale of the Shares by the Issuer itself

Under Belgian company law, the Issuer may not acquire its own Shares without prior shareholder authorisation or in other limited circumstances and in any case subject to a maximum of 10% of the Issuer's share capital. In principle, the offer by the Issuer to purchase its own Shares must be extended to all shareholders unless the Shares are purchased on the stock exchange. Within certain limits, the shareholders may in advance grant the board of directors authorisation to repurchase and/or transfer the Shares.

The authorisations must be approved by an affirmative vote of the holders of 80% of the votes cast at a shareholders' meeting where the Shares representing at least 50% of the Issuer's share capital and profit certificates (if any) are present or represented. If the quorum is not reached, a second meeting may be convened at which no quorum shall apply. The voting rights attached to Shares held by the Issuer itself are suspended.

The board of directors is authorised to acquire a maximum number of Shares that in the aggregate represents no more than 10% of the issued capital, at a price which must be higher than €1, but lower than the average of the price at which such Shares were quoted on the stock exchange during a period of 10 business days preceding the day of the purchase or exchange. This authorisation will be valid for 18 months from publication of the authorisation in the annexes to the Belgian Official Gazette. The authorisation is also valid for the acquisition of Shares by one of its direct subsidiaries pursuant to Article 627 of the Belgian Company Code.

The board of directors is authorised to sell all the Shares held by the Issuer, at a price it determines, on a regulated stock exchange or within the framework of its remuneration policy to employees, directors or consultants of the Issuer. This authorisation is not limited in time. The authorisation is also valid for the sale of the Shares by one of its direct subsidiaries, as defined in Article 627 of the Belgian Company Code.

10.5. Warrant plans

10.5.1. Offering Warrant plan

Subject to completion of the Offering, the shareholders' meeting of the Issuer has decided to issue up to 6,550,699 Offering Warrants, of which the main features are set out below. A complete description of the features of the Offering Warrants is available on the Company's website *www.arseus.com*.

- ***Warrant:*** Each Offering Warrant entitles the Warrantholder to subscribe to one share in the Issuer, subject to possible adjustments in the event of a merger, demerger, stock split, reserve stock split or bonus issue as provided for in the terms and conditions of the Offering Warrant.

- ***Exercise price:*** The exercise price of each Offering Warrant is equal to 140% (rounded up to the next euro quarter (EUR 0.25)) of the Offer Price, subject to possible adjustments if the Issuer distributes an exceptional dividend as provided for in the terms and conditions of the Offering Warrant (whereby any amounts distributed by the Issuer to all its shareholders in the context of a capital decrease or a distribution of issue premium will be considered as a dividend). The term ***"Exceptional Dividend"*** refers to the value expressed in euros of any dividend paid to shareholders of the Issuer in cash or in kind (other than a bonus share) insofar as the value of this dividend and the value of all other dividends paid to shareholders in cash or in kind during the same Issuer financial year represents a Ratio of Distributed Dividends greater than 2%. The term ***"Ratio of Distributed Dividends"*** refers to the sum of the ratios obtained by dividing the Reference Dividend and each of the Previous Dividends by the Issuer's market capitalization on the day which precedes the corresponding distribution date; the market capitalization used to calculate each of the ratios being equal to the product (x) of the closing price of the Issuer share on Eurolist by Euronext Brussels on the day which precedes the distribution date of the Reference Dividend or of each of the Previous Dividends, multiplied by (y) the respective numbers of Issuer shares existing on each of these dates.

- ***Form:*** The Offering Warrants will be issued in bearer form, represented by one global certificate which will be deposited with Eulolist by Euroclear Belgium on or about the date of issue of the Offering Warrants, which is expected to take place on the Closing Date.

- ***Trading:*** The Offering Warrants will be admitted to trading on Eurolist by Euronext Brussels.

- ***Corporate actions and resolutions:*** By way of derogation from article 501 of the Belgian Company Code and without prejudice to the legally prescribed exceptions, the Issuer reserves the right to pass all resolutions and to proceed with all actions that it deems appropriate in relation to its share capital, its articles of association, its financial condition or its management, even if these resolutions will result in a reduction of the benefits offered to the Warrantholders.

- ***Exercise period:*** The Offering Warrants may be exercised on any business day between 17 January 2011 until and including 28 January 2011. However, the Offering Warrants may be exercised before this exercise period in the event of (i) a public takeover bid, (ii) the transfer or proposed transfer to a third party of all or a substantial part of the Issuer's assets or business, whether by means of sale or disposal or (iii) the liquidation or dissolution of the Issuer, as provided for in the terms and conditions of the Offering Warrant.

- ***Mode of exercise:*** An exercisable Offering Warrant will only be deemed exercised upon receipt by the Issuer or the Paying Agent, no later than 4 p.m. Brussels time of the last business day of the relevant exercise period of:

    (i) a written, irrevocable exercise notice stating among others the number of Offering Warrants that he or she wishes to exercise and the account where the Warrantholder holds the Offering Warrants and where the Shares issued as a result of the exercise may be deposited;

    (ii) full payment for the Shares in relation to which the Offering Warrants were exercised before the fifth Business Day following the end of the relevant exercise period, by wire transfer to a blocked account of the Issuer.

- ***Issue of the Shares:*** The Shares will be issued and a global certificate will be deposited with Euroclear within three (3) weeks from the end of the relevant exercise period. The board of directors or one or several authorised directors will make a statement before a notary public in accordance with article 591 of the Belgian Company Code that the share capital of the Issuer is increased.

- ***Rights attached to the Shares:*** All Shares issued upon exercise of the Offering Warrants will be ordinary shares, entitled to the same rights and ranking *pari passu* with the shares of the Issuer. Upon exercise of the Offering Warrants, the Shares issued will be entitled to dividend payments as of the first day of the financial year during which they are issued. The Shares issued as a result of the exercise of an Offering Warrant are not subject to any restrictions on their transfer, except for those provided by mandatory legal or statutory provisions.

- ***Form of the Shares:*** The Shares issued following the exercise of Offering Warrants shall be, at the Warrantholder's option, in registered or dematerialised form. The Issuer will take all necessary steps to have the Shares admitted to trading on Eurolist by Euronext Brussels. The Issuer will pay, among other things, but without limitation, all fees, charges and commissions related to such listing and negotiations and to its maintenance.

- ***Costs:*** The Issuer will bear the costs of the capital increase resulting from the exercise of the Offering Warrants. The Issuer shall not be liable for or otherwise be obliged to pay any other costs or tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or exercise of any Offering Warrants, and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. The Warrantholder must pay any expenses which may arise in connection with any of the above.
- ***Applicable law:*** The Offering Warrants are governed by and shall be construed in accordance with Belgian law.
- ***Jurisdiction:*** The courts of Gent have exclusive jurisdiction over any dispute.

10.5.2. Warrant Plan 1 and Warrant Plan 2

Subject to completion of the Offering and pursuant to two separate warrant plans, the shareholders' meeting of the Issuer has decided on 7 September 2007 to issue 1,500,000 warrants, of which maximum 1,250,000 will be granted at completion of the Offering on the Closing Date and the remainder shall be granted by the board of directors upon proposal of the remuneration committee in the period thereafter.

The board of directors of the Issuer will establish the features in accordance with the applicable legislation. The main features of each warrant plan are set out below:

10.5.2.1 Features of Warrant Plan 1:

- ***Number:*** Maximum 300,000 warrants will be granted to employees;
- ***Duration:*** 8 years as from completion of the Offering;
- ***Warrant price:*** Belgian employees employed in Belgium must pay a Warrant price equal to 9% of (i) the Offer Price, for those Warrants granted upon or before completion of the Offering, or (ii) the average stock price of the Shares during a period of 30 days preceding the date on which the Warrants are offered to the respective employees.[8] Employees employed outside of Belgium shall be subject to the applicable taxation regime in the country where they are taxable;
- ***Exercise price:*** the exercise price shall be equal to (i) the Offer Price, for those Warrants granted upon or before the first day of trading of the Shares, or (ii) the average stock price of the Shares during a period of 30 days preceding the date on which the Warrants are offered for the period thereafter;
- ***Exercise period:*** the warrants can be exercised, each time for 25% of the total amount of warrants granted, during the month of May in the fourth, fifth, sixth and seventh calendar year following the calendar year in which the warrants were offered;
- ***Transferability:*** not transferable, except in case of death;
- ***Underlying share(s):*** each warrant of Warrant Plan 1 shall entitle the holder to subscribe to one Share.

10.5.2.2 Features of Warrant Plan 2:

- ***Number:*** Maximum 1,200,000 warrants will be granted to directors/managers/consultants (see also Section 11.6);
- ***Duration:*** 5 years as from completion of the Offering;
- ***Warrant price:*** Belgian directors/managers/consultants which are physical persons must pay a Warrant price equal to 7.5% or 15%, depending on the applicable exercise period, of (i) the Offer Price, for those Warrants granted prior to the first day of trading of the Shares, or (ii) the average stock price of the Shares during a period of 30 days preceding the date on which the Warrants are granted to the respective employees for the period thereafter. Non-Belgian directors/managers/consultants shall be subject to the applicable taxation regime in the country where they are taxable. Directors/managers/consultants which are legal entities must always pay a Warrant price equal to 15%;

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[8] To the extent that such employees have accepted the Warrants within 60 days following the date on which the Warrants were granted. Belgian employees which have accepted the Warrants within the 61st and the 70th day following the date on which the Warrants were granted, shall be taxed at the date on which the relevant Warrants are exercised.

- ***Exercise price:*** the exercise price shall be equal to (i) the Offer Price, for those Warrants granted upon the Offering, or (ii) the average stock price of the Shares during a period of 30 days preceding the date on which the Warrants are granted for the period thereafter;
- ***Exercise period:*** the warrants can be exercised, pursuant to a decision of the relevant body[9] upon granting the warrants, (i) each time for 50% of the total amount of warrants granted, during the month of May in the third and fourth calendar year following the calendar year in which the warrants were offered, or (ii) during the month of May each calendar year following the calendar year in which the warrants were offered;
- ***Transferability:*** not transferable, except in case of death;
- ***Underlying share(s):*** each warrant of Warrant Plan 2 shall entitle the holder to subscribe to one Share.

10.6. Shareholders

10.6.1. Shareholders prior to the Offering

The Shares prior to the completion of the Offering and assuming establishment of the Contribution in Kind (but without taking into account the Contribution in Kind of the Debt Receivables (see Section 10.4.1) are held as follows:

Name	Address	Shares	Percentage
Omega Pharma	Venecoweg 26 9810 Nazareth Belgium	24,999,999	99.999996%
Omega Pharma Holding (Nederland) B.V.	Keileweg 8 3029 BS Rotterdam The Netherlands	1	0.000004%
Total		**25,000,000**	**100%**

10.6.2. Selling shareholder

Omega Pharma will offer up to 17,500,000 of the Shares (all Existing Shares) in the Offering. In addition, Omega Pharma granted to the Joint Global Coordinators the Over-allotment Option in relation to up to 15% (equal to up to 2,968,144 Existing Shares, which are not the same Shares as those sold in the Offering) of the aggregate number of Shares sold in the Offering (excluding the Couckinvest Shares) with the sole purpose for the Joint Global Coordinators to cover over-allotments (if any). See also Section 2.8.

The Shares held by Omega Pharma that are not sold within the Offering will be subject to the lock-up arrangement as further described in Section 2.9.

10.6.3. Shareholders after completion of the Offering, before exercise of the Over-allotment Option and before the Contribution in Kind of the Debt Receivables

The table below details the expected Share ownership after completion of the Offering, assuming full placement of the Shares Offered, but before exercise of the Over-allotment Option and before the Contribution in Kind of the Debt Receivables into the capital of the Issuer.

Name	Shares	Percentage
Omega Pharma	7,500,000	24.19%
Couckinvest	3,712,373	11.98%
Public	19,787,627	63.83%
Total	**31,000,000**	**100%**

10.6.4. Shareholders after completion of the Offering, before exercise of the Over-allotment Option and after the Contribution in Kind of the Debt Receivables

The table below details the expected Share ownership after completion of the Offering, assuming full placement of the Shares Offered, but before exercise of the Over-allotment Option. The Debt Receivables of €2,000,000 to the

[9] The exercise period for warrants granted to directors will be determined by the general meeting of shareholders. The exercise period for warrants granted to consultants will be determined by the board of directors.

Contributors have been contributed in kind into the capital of the Issuer's share capital, assuming an Offer Price per Share ranging between €8, €12 or €16 per share.

Scenario A: Offer Price amounts to €8.

Name	Shares	Percentage
Omega Pharma	7,500,000	24.0%
Couckinvest	3,712,373	11.9%
Contributors	250,000	0.8%
Public	19,787,627	63.3%
Total	**31,250,000**	**100%**

The Shares held by the Contributors will be subject to the lock-up arrangement as further described in Section 2.9.

Scenario B: Offer Price amounts to €12

Name	Shares	Percentage
Omega Pharma	7,500,000	24.1%
Couckinvest	3,712,373	11.9%
Contributors	166,666	0.5%
Public	19,787,627	63.5%
Total	31,166,666	**100%**

Scenario C: Offer Price amounts to €16

Name	Shares	Percentage
Omega Pharma	7,500,000	24.1%
Couckinvest	3,712,373	11.9%
Contributors	125,000	0.4%
Public	19,787,627	63.6%
Total	31,125,000	**100%**

10.6.5. Shareholders after completion of the Offering, after exercise of the Over-allotment Option and after the Contribution in Kind of the Debt Receivables

The table below details the expected Share ownership after completion of the Offering, assuming full placement of the Shares Offered, and full exercise of the Over-allotment Option. The Debt Receivables of €2,000,000 to the Contributors have been contributed in kind into the capital of the Issuer's share capital, assuming an Offer Price per Share ranging from €8 towards, €12 or €16 per Share.

Scenario A: Offer Price amounts to €8

Name	Shares	Percentage
Omega Pharma	4,531,856	14.5%
Couckinvest	3,712,373	11.9%
Contributors	250,000	0.8%
Public	22,755,771	72.8%
Total	31,250,000	**100%**

Scenario B: Offer Price amounts to €12

Name	Shares	Percentage
Omega Pharma	4,531,856	14.5%
Couckinvest	3,712,373	11.9%
Contributors	166,666	0.5%
Public	22,755,771	73.0%
Total	31,166,666	**100%**

Scenario C: Offer Price amounts to €16

Name	Shares	Percentage
Omega Pharma	4,531,856	14.6%
Couckinvest	3,712,373	11.9%
Contributors	125,000	0.4%
Public	22,755,771	73.1%
Total	31,125,000	**100%**

10.6.6. Shareholders after completion of the Offering and after the exercise of all Offering Warrants and warrants from Warrant Plan 1 and Warrant Plan 2

The table below details the expected share ownership on a fully diluted basis, i.e. after completion of the Offering, assuming full placement of the Shares Offered, full exercise of the Over-allotment Option and after exercise of the maximum amount of Offering Warrants and the warrants included in Warrant Plan 1 and Warrant Plan 2.

Scenario A: Offer Price amounts to €8

Name	Shares	Percentage
Omega Pharma	4,531,856	11.5%
Couckinvest	5,568,559	14.2%
Contributors	250,000	0.6%
Public	22,755,771	57.9%
Warrantholders (excluding Couckinvest)	6,192,951	15.8%
Total	39,299,137	**100%**

Scenario B: Offer Price amounts to €12

Name	Shares	Percentage
Omega Pharma	4,531,856	11.6%
Couckinvest	5,568,559	14.2%
Contributors	166,666	0.4%
Public	22,755,771	58.0%
Warrantholders (excluding Couckinvest)	6,192,951	15.8%
Total	39,215,803	**100%**

Scenario C: Offer Price amounts to €16

Name	Shares	Percentage
Omega Pharma	4,531,856	11.6%
Couckinvest	5,568,559	14.2%
Contributors	125,000	0.3%
Public	22,755,771	58.1%
Warrantholders (excluding Couckinvest)	6,192,951	15.8%
Total	39,174,137	**100%**

10.7. Notification of important participations

Belgian law, in conjunction with the Issuer's articles of association, imposes disclosure requirements on any individual or entity acquiring or transferring voting securities or securities which give a right to voting securities, as soon as, following such acquisitions or transfer, the total number of voting rights directly or indirectly held by such individual or entity, alone or in concert with others, increases above, or falls below, a threshold of 3%, 5%, or any multiple of 5%, of the total number of voting rights attached to the Issuer's securities. A shareholder whose shareholding increases above, or falls below, any such thresholds must, each time, disclose this fact to the CBFA and to the Issuer. The documents pursuant to which the transaction was effected must be submitted to the CBFA. If and when the shareholding reaches 20%, the notification must indicate in which strategy the acquisition or transfer concerned fits, as well as the number of securities acquired during a period of 12 months before the notification and in which manner such securities were acquired. Such notification is also required if an individual or an entity

acquires or transfers control (either direct or indirect, either *de iure* or *de facto*) over a company that possesses 3% of the voting rights of the Issuer.

The Issuer is required to publicly disclose any notifications received regarding increases or decreases in a shareholder's ownership of the Issuer's securities on the next business day, and must mention these notifications in the notes to its annual accounts. Euronext Brussels and Amsterdam will publish details of the notifications.

Violation of the disclosure requirements may result in the suspension of voting rights, a court order to sell the securities to a third party and/or criminal liability. Articles 516, 534 and 545 of the Belgian Company Code are applicable (as included in the articles of association). The CBFA may also impose administrative sanctions.

10.8. Public takeover bids

Belgium has implemented the Thirteenth Company Law Directive (European Directive 2004/25/EC of 21 April 2004) by way of the Belgian Act on public takeover bids (*Wet op de openbare overnamebiedingen)* of 1 April 2007 and the Royal Decree of 27 April 2007 on public takeover bids. The Belgian Act on public takeover bids provides that a mandatory bid will be triggered if a person, as a result of its own acquisition or the acquisition by persons acting in concert with him or by persons acting for their account, directly or indirectly holds more than 30% of the voting securities in a company having its registered office in Belgium and of which at least part of the voting securities are being traded on a regulated market or on a multilateral trading facility designated by Royal Decree. The mere fact of exceeding the relevant threshold will give rise to a mandatory bid, irrespective of whether or not the price paid in the relevant transaction exceeds the current market price. Article 74 of the Belgian Act on public takeover bids contains a transitional provision granting an exemption from the mandatory bid to persons who individually or acting in concert hold at least 30% of the voting securities on 1 September 2007, provided that the shareholding was duly notified to the CBFA within 120 business days as of the entering into effect of the new mandatory bid provision.

There are several provisions of Belgian company law and certain other provisions of Belgian law, such as the obligation to disclose important shareholdings and merger control, that may apply to the Issuer and which may make an unfriendly tender offer, merger, change in management or other change in control, more difficult. These provisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market price of the Shares. These provisions may also have the effect of depriving the shareholders of the opportunity to sell their Shares at a premium.

Normally, the authorisation of the board of directors to increase the share capital of the Issuer through contributions in cash with cancellation or limitation of the preferential right of the existing shareholders is suspended as of the notification to the Issuer by the CBFA of a public takeover bid on the securities of the Issuer. The shareholders' meeting can, however, authorise the board of directors to increase the share capital by issuing Shares in an amount of not more than 10% of the existing Shares at the time of such a public takeover bid. Such authorisation will not be granted to the board of directors of the Issuer.

In accordance with the applicable legislation, if, after a public bid, a bidder owns 95% of the shares of a listed company, each shareholder can request the purchase of its shares for a "fair price" for a period of three months after completion of the public bid.

10.9. Squeeze-out

Pursuant to Article 513 of the Belgian Company Code and the Royal Decree of 27 April 2007 on public squeeze-out bids, a person or entity, acting alone or in concert, who owns 95% of the securities conferring voting rights in a public company, can acquire the totality of the securities conferring voting rights in that company following a squeeze-out offer. The Shares that are not voluntarily tendered in response to such offer are deemed to be automatically transferred to the bidder at the end of the procedure. At the end of the offer, the company is no longer deemed a public company, unless bonds issued by the company are still spread among the public. The consideration for the securities must be in cash and must represent the fair value as to safeguard the interests of the transferring shareholders.

As from the entry into force on 1 September 2007 of the Belgian Act on public takeover bids (*Wet op de openbare overnamebiedingen*) of 1 April, 2007 and its implementing Royal Decree, certain new rules on the squeeze out by majority shareholders of the minority shareholders and on the selling out right of the minority shareholders apply.

11. CORPORATE GOVERNANCE

11.1. General

This Section summarises the rules and principles by which the corporate governance of the Issuer is organised pursuant to Belgian company law, the Issuer's articles of association and the Issuer's corporate governance. It is based on the Issuer's articles of association and on the Issuer's corporate governance charter, and is subject to completion of the Offering on the Closing Date.

The Issuer's corporate governance charter has been adopted in accordance with the recommendations set out in the Belgian Code for Corporate Governance issued on 9 December 2004 by the Belgian Corporate Governance Committee. Corporate governance has been defined in the Code as a set of rules and behaviours according to which companies are managed and controlled. The Code is based on a "comply or explain" system: Belgian listed companies should follow the Code, but may deviate from its provisions and guidelines (though not from the principles) provided they disclose the justification for such deviation.

The Issuer's board of directors intends to comply with the Belgian Code for Corporate Governance, but believes that the following deviation from its provisions is justified in view of the Issuer's particular situation: the granting of warrants to independent directors, as the board of directors of the Issuer is of the opinion that this deviation is justified in view of the remuneration policy of the Issuer and does not lead to a conflict of interest in respect of the independent directors (see also Section 11.5).

The board of directors of the Issuer has adopted its corporate governance charter and will review it from time to time and make such changes, as it deems necessary and appropriate. The charter will be made available free of charge on the Issuer's website (www.arseus.com) and at the registered office of the Issuer after completion of the Offering. In its annual report for the financial year ending on 31 December 2007, to be published in 2008, the board of directors will also devote a specific chapter to corporate governance, describing the Issuer's corporate governance practices during the second half of 2007 and including explanations, if applicable, on any deviations from the Code, in accordance with the requirement to "comply or explain".

11.2. Board of directors

11.2.1. General provisions

The board of directors of the Issuer may perform all acts necessary or useful for achieving the Issuer's corporate purpose, with the exception of those acts that are by law or the Issuer's articles of association expressly reserved to the shareholders' meeting.

The board of directors of the Issuer is composed of a minimum of 5 and a maximum of 11 members. At least half of the members of the board must be non-executive directors and at least three directors must be independent directors within the meaning of Article 524 of the Belgian Company Code (see Section 11.2.3).

The executive directors are elected at a shareholders' meeting for a renewable term of 4 years maximum. The non-executive directors are elected at a shareholders' meeting for a renewable term of 3 years maximum. If a directorship becomes vacant before the expiry of its term, the remaining directors will have the right to temporarily appoint a new director to fill the vacancy until the shareholders resolve at a shareholders' meeting to appoint a new director. This item must be put on the agenda of the next shareholders' meeting.

A meeting of the board of directors is validly constituted if there is a quorum, consisting of at least half of the members present in person or represented at the meeting. If this quorum is not present, a new board meeting may be convened to deliberate and decide on the matters on the agenda of the board meeting for which a quorum was not present. In any event, the board of directors may only validly proceed if at least two directors are present or represented. Meetings of the board of directors are convened by the chairman of the board or by at least two directors whenever the interests of the Issuer so require.

11.2.2. Chairman

The board of directors appoints one of its members as chairman of the board.

The chairman is responsible for the leadership of the board of directors and for the efficiency of the board of directors in all its aspects. The chairman must take the necessary measures to develop a climate of trust within the board of directors, which promotes open discussion, constructive dissent and support for the board's decisions.

The chairman must stimulate a factual interaction between the board of directors and the Executive Committee. He must maintain a close relationship with the Chief Executive Officer and support and advise the Chief Executive Officer in his executing responsibilities.

Within the board of directors, the chairman is primarily responsible for:

- setting the agenda of the meetings of the board of directors, as the case may be, after consultation with the Chief Executive Officer;
- ensuring that procedures relating to preparatory work, deliberations, passing of resolutions and implementation of decisions are properly followed;
- ensuring that the directors receive accurate, timely and clear information before the meetings and, where necessary, between meetings, and that all directors receive the same information;
- chairing the meetings of the board of directors and ensuring that the board operates and takes decisions as a collegial body;
- monitoring the implementation of decisions taken and determining whether further consultation within the board of directors with regard to the implementation is necessary;
- ensuring a regular review of the corporate structure and the corporate governance of the Issuer and assessing whether their operation is satisfactory;
- ensuring that newly appointed directors receive an appropriate induction;
- leading the nomination process of directors, in consultation with the nomination committee, and ensuring that the board of directors appoints committee members and chairmen; and
- being accessible to the directors, the members of the Executive Committee and the head of the internal audit function to discuss issues relating to the management of the Issuer.

The board of directors may decide to entrust the chairman with additional responsibilities.

With regard to shareholders and third parties, the chairman is mainly responsible for:

- chairing the shareholders' meeting and ensuring that relevant questions from shareholders are answered; and
- representing the Issuer at meetings with professional organisations, socio-economic groups, the government, etc. The chairman may however delegate these responsibilities to the Chief Executive Officer.

Robert Peek has been appointed as first chairman of the board of directors of the Issuer.

11.2.3. Independent directors

Directors can only be considered an independent director if they meet the criteria set out in the Belgian Code for Corporate Governance and in Article 524 of the Belgian Company Code, which can be summarised as follows:

- independent directors may not have held a position as a director, a member of the Executive Committee or a higher management position in the Issuer or an affiliate during the two-year period preceding their election to the board of directors;
- independent directors may not own Shares representing 10% or more of the total share capital of the Issuer or of a particular class of Shares. If they own less than 10%: (i) such Shares, together with other Shares held by companies controlled by the director concerned may not equal or exceed 10% or (ii) the disposal of such Shares or the exercise of the rights attached thereto may not be subject to any contractual arrangement or unilateral undertaking from the independent directors;
- independent directors may not have a close family member, meaning a spouse or partner or relative up to the second degree, holding a key position or a financial interest as described above; and
- independent directors may not maintain any relationship with a company which would jeopardise their independent judgment.

In considering a director's independence, the criteria set out in the Belgian Code of Corporate Governance will also be taken into consideration. The board of directors will disclose in its annual report which directors it considers to be independent directors. If a director does not meet the criteria set out in the Belgian Code of Corporate Governance, the board of directors will set out its reasons for nevertheless considering this director to be an independent director

within the meaning of the Belgian Code of Corporate Governance. An independent director who ceases to satisfy the requirements of independence must immediately inform the board of directors.

Upon completion of the Offering, the independent directors of the Issuer will be Robert Peek, Johannes Stols and Luc Vandewalle.

11.2.4. Composition of the board of directors

On the date of this Prospectus, the board of directors of the Issuer consists of 4 members: Couckinvest NV, represented by its permanent representative Marc Coucke, Sam Sabbe BVBA, represented by its permanent representative Sam Sabbe, Jan Peeters and Gerardus van Jeveren.

Subject to completion of the Offering, Sam Sabbe BVBA will resign as director of the Issuer. On 7 September 2007, the extraordinary shareholders' meeting of the Issuer appointed Robert Peek, Johannes Stols, Benoit Graulich and Luc Vandewalle as directors of the Issuer as of, and subject to completion of the Offering. Consequently, at completion of the Offering, i.e. the Closing Date, the board of directors will consist of 7 members. These members are:

Name and position	Term	Professional address
Couckinvest NV, represented by its permanent representative Marc Coucke	4 year term	Venecoweg 26, 9810 Nazareth, Belgium
Gerardus van Jeveren	4 year term	Textielstraat 24, 8790 Waregem, Belgium
Jan Peeters	4 year term	Textielstraat 24, 8790 Waregem, Belgium
Robert Peek	3 year term	Pinkenbergseweg 33, 6881 BC Velp, The Netherlands
Johannes Stols	3 year term	Lichttorenhoofd 2, 4871 CC Etten-Leur, The Netherlands
Benoit Graulich	4 year term	Culliganlaan 2C, 1831 Diegem, Belgium
Luc Vandewalle	3 year term	Marnixlaan 24, 1000 Brussel, Belgium

The Issuer further intends to appoint 2 additional independent directors and believes this will be effected prior to the end of this year.

Robert Peek, Johannes Stols and Luc Vandewalle are considered to be independent directors, Jan Peeters and Gerardus van Jeveren are executive directors, Robert Peek shall be appointed as chairman of the board of directors of the Issuer.

The curricula vitae of the members of the board of directors are given below:

Couckinvest NV — Marc Coucke (1965)

Marc Coucke graduated as pharmacist at the State University of Ghent and holds an MBA of the Vlerick School for Management, Ghent. He is the founder and driving force of Omega Pharma NV and, as permanent representative of Couckinvest NV, is chairman of the board of directors of Omega Pharma NV. Marc Coucke was Chief Executive Officer of Omega Pharma NV until 30 September 2006. Marc Coucke is currently chairman of the board of directors of Couckinvest NV.

Gerardus van Jeveren (1960): Chief Executive Officer

Gerardus van Jeveren is Arseus's Chief Executive Officer. Mr. van Jeveren was the founder and major shareholder of Fagron Farmaceuticals B.V., which was acquired by Omega Pharma in 2000. Prior to founding Fagron he held various sales and marketing roles, including Commercial Manager, at Pharbita Generics, a subsidiary of Medicopharma NV. Following Omega Pharma's acquisition of Fagron, Mr. van Jeveren was appointed Country Manager of Omega Pharma with responsibility for the Netherlands and Germany. In 2003, he was appointed Business Unit Manager of Fagron, responsible for the Netherlands, Belgium, Germany and Spain, and in 2006 he was appointed CEO of Arseus. Mr Van Jeveren is also a director of Ambeste B.V. Mr. van Jeveren followed the teacher formation South-West Netherlands in Delft.

Jan Peeters (1966): Chief Financial Officer

Jan Peeters is Arseus' Chief Financial Officer. Mr. Peeters joined Omega Pharma as Chief Financial Officer in 1993, following three years as a business analyst at Exxon Chemical International. Mr. Peeters was CFO of Omega Pharma for eight years, a period that included Omega Pharma's successful initial public offering. In 2001, Mr. Peeters was appointed Deputy Chief Executive Officer of Omega Pharma, a position he held until 7 November 2006. In 2005, he was appointed Business Unit Manager of Omega's dental division (now Arseus Dental) and given overall responsibility for the separation of Arseus from Omega Pharma, and in 2006 he was appointed CFO of Arseus. Mr. Peeters holds a master's degree in applied economics from the University of Antwerp and a postgraduate degree in management from the Vlerick Management School.

Robert Peek (1945)

Robert Peek graduated at the Nederlandse Economische Hogeschool, Rotterdam, The Netherlands (propedeuse) and at the Hochschule St. Gallen für Wirtschaft und Sozialwissenschaften, St. Gallen, Switzerland (lic. oec./drs.). Between 1973 and 1987, Mr. Peek held various positions at Organon International, ultimately being appointed Manager of the Marketing Services Department, being responsible for the worldwide marketing of Organon products. As from 1988, Mr. Peek was Marketing Manager at OPG Groep NV, the Dutch listed company, consequently being appointed COO in 2001 and CEO in 2003. Mr Peek held the position of CEO of OPG Groep NV until 1 December 2005. Between 2004 and 2006, Mr. Peek was a member of the Board of the International Federation of Pharmaceutical Wolesalers (IFPW).

Johannes Stols (1959)

Johannes Stols has held various positions at the Rijksaccountantsdienst, ABN-AMRO Bank N.V. and Stada Arzneimittel AG. Until 2006, Mr Stols was Chief Operational Officer and member of the board of directors of Stada Arzneimittel AG and was statutory director of numerous Stada subsidiaries. Mr Stols is further an advisor to numerous companies, including Stada Arzneimittel AG and Goldman Sachs London (ad hoc) and has been a.o. the president of the European Generic Medicine Association, the chairman of Vereniging Euro Specialite's and of the Nederlandse Cystic Fibrosis Stichting.

Benoit Graulich (1965)

Benoit Graulich is a Master in Law, Company Management and Finance from the KUL University, Leuven and in Fiscal Science. He is a partner of Bencis Capital Partners as from December 2003, and director of Vandevelde NV (in which he also is chairman), Wereldhave Belgium NV and Omega Pharma NV. He was a partner of Ernst & Young until December 2003. Prior to these mandates, he fulfilled several functions with Artesia Bank and PricewaterhouseCoopers. In his capacity of representative of Bencis Capital Partners, Mr Graulich was a board member of numerous private companies.

Luc Vandewalle (1944)

Luc Vandewalle holds a Master's degree in applied economics from the University of Ghent. He was appointed director and member of the Executive Committee of BBL in December 1992. Since 1 July 2007, Mr Vandewalle is Chairman of the board of directors of ING Belgium NV.

Mr Vandewalle is currently Chairman of the board of directors of ING Insurance SA/NV, Chairman of VZW Centrum voor Algemeen Welzijnswerk – CAW Stimulans, Kortrijk, Director of the Board of Befimmo SA/NV, Director of Sea-Invest, Director of Atcomex cy and Director of SA/NV Atcomex, Hamme. Mr Vandewalle is further a member of the board of directors of Enfinity NV, Besix NV en Galloo NV, Transics NV, chairman of Domo Real Estate and chairman of Waak VZW. He is also a member of the board of directors of ICC Belgium. He is a member of the board of auditors of ING Lease Holding and a member of the World Trade Centers Association.

In the previous five years, Mr Vandewalle has also been, but no longer is President and CEO of ING Belgium NV, Chairman of the Executive Committee ING Belgium S.A., Succursale en France, a director of ING Vysya Bank, ABB/BVB, Febelfin and VOKA and a non-executive board member of Williams de Broe and chairman of the Belgian Union of Banks.

11.2.5. Litigation statement concerning directors

On the date of this Prospectus, none of the directors of the Issuer for at least the previous five years:

- has any convictions in relation to fraudulent offences;

- has held an executive function in the form of a senior manager or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation; or has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); or
- has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

11.3. Committees within the board of directors

11.3.1. General

The board of directors of the Issuer will set up specialised committees to analyse specific issues and advise the board of directors on those issues. These committees merely have an advisory role and the actual decision-making remains the responsibility of the board of directors. The board of directors determines the terms of reference of each committee with respect to the organisation, procedures, policies and activities of the committee. The role, duties and composition of these committees have been established in internal charters which have been approved by the board of directors of the Issuer.

The board of directors will establish an audit committee, a nomination committee and a remuneration committee. The board of directors will further establish an Executive Committee in accordance with the provisions of Article 524bis of the Belgian Company Code (see Section 11.4).

11.3.2. Audit committee

11.3.2.1 The role of the audit committee

The audit committee assists the board of directors in fulfilling its monitoring responsibilities in respect of control in the broadest sense. The audit committee will report regularly to the board of directors on the exercise of its duties and on any matters in respect of which the audit committee considers that action or improvement is needed, and may make recommendations as to the necessary steps to be taken.

11.3.2.2 The duties of the audit committee

The audit committee is entrusted with the oversight of:

a. Reliability of the financial reporting

- assessing internal as well as external financial reporting;
- assessing the consistent application of accounting principles and changes in those principles;
- assessing the half-yearly and yearly statements in order to give a true and correct image of the position of the Issuer;

b. The statutory auditor

- recommending on the appointment of the statutory auditor to the board of directors, acknowledgement and, if necessary, completion of the audit program and approval of its remuneration at group level;
- replying to certain questions which the statutory auditor wishes to deal with in the absence of the daily management;
- discussing the consolidated half-yearly and yearly financial statement with the statutory auditor on the basis of an audit report;
- reviewing the annual audit report, drafted by the statutory auditor regarding the assessment of the internal audit;
- controlling the size and nature of the non-audit performances by the statutory auditor;
- assessing the performance and independence of the statutory auditor;
- following up on the problems of the statutory auditor and controlling the possible conflicts between the statutory auditor and the management;

c. Internal audit

- verifying whether a systematic internal audit has been set up by the Executive Committee;
- following up on the problems of the internal audit and deal with a possible conflict with the management;

- assessing propositions and suggestions of the group controlling;
- assessing the co-operation between the internal and external audit team, especially the evaluation of all audit domains and the efficiency of the use of audit resources;
- assessing the performance of the internal audit with, amongst other, recommendations regarding the selections, appointment, reappointment or dismissal of the head of the internal audit and the budget of that department; and

d. Risk management

- evaluating the risk management system and setting up a proper policy following this evaluation (risks include for example significant claims, important judicial procedures on a certain "product" and important environmental issues which can significantly influence the group's financial situation or reputation etc.).

11.3.2.3 Composition of the audit committee

The audit committee consists of at least three and maximum five directors, appointed by the board of directors, all of which are non-executive directors and at least the majority of which are independent directors. Only if the board of directors establishes that there are specific and justified reasons, the composition of the audit committee may deviate from this principle.

The chairman of the audit committee is appointed from among the members of the audit committee by the board of directors of the Issuer and may not combine this position with the chairmanship of the board of directors. The chairman of the audit committee, as the case may be, supported by the chairman of the board of directors and/or the CEO and/or the CFO, shall procure that the audit committee at all times (i) understands its role and duties, (ii) disposes of all information for it to duly perform its internal and external duties, and (iii) performs its duties in accordance with the internal charter of the audit committee.

The appointment of the members of the audit committee shall be based on (i) their specific competences and experience, and (ii) the condition that the audit committee as a group must have the competence and experience required to perform its tasks.

The CFO shall at all times be invited to attend the meetings of the audit committee, unless the audit committee specifically chooses to deliberate separately.

If the chairman of the board of directors is not a member of the audit committee, he or she will at all times be invited to attend the meetings of the audit committee. Finally, the audit committee may invite any third party to attend its meetings.

Upon and subject to completion of the Offering, the members of the audit committee will be:

- Benoit Graulich (chairman);
- Luc Vandewalle; and
- Johannes Stols.

11.3.3. Nomination committee

11.3.3.1 The role of the nomination committee

The nomination committee makes recommendations to the board of directors with regards to the appointment of directors and the members of the Executive Committee.

11.3.3.2 The duties of the nomination committee

The nomination committee must ensure that the appointment and re-election process of the members of the board of directors and of the Executive Committee is organised objectively and professionally and, in particular, has the following duties:

- drafting appointment procedures for the board members;
- selecting and nominating, for approval by the board of directors, candidates for any board vacancies;
- making proposals for reappointments;
- periodically assessing the size and composition of the board of directors and its committees and, if applicable, making recommendations with regard to any changes;

- analysing the aspects relating to the succession of directors;
- advising on proposals (e.g. of the management or of the shareholders) for appointment and removal of directors and members of the Executive Committee; and
- advising the CEO on the appointment and removal of members of the Executive Committee; evaluating potential candidates for a function within the Executive Committee and recommending the appointment or removal of the Executive Committee. In respect of the appointment or removal of the CEO, the nomination committee will base its recommendation on a motivated proposal of the board of directors. In respect of the appointment or removal of the other members of the Executive Committee, the nomination committee will base its recommendation on a motivated proposal jointly established by the CEO and the chairman of the board of directors.

11.3.3.3 Composition of the nomination committee

The nomination committee consists of at least three directors, appointed by the board of directors, the majority of which are independent directors. Only if the board of directors establishes that there are specific and justified reasons, the composition of the nomination committee may deviate from this principle.

The chairman of the board of directors or a non-executive director shall be chairman of the nomination committee. The chairman of the board of directors or a non-executive director cannot preside the nomination committee if his or her succession is an agenda item.

The appointment of the members of the nomination committee shall be based on (i) their specific competences and experience, and (ii) the condition that the nomination committee as a group must have the competence and experience required to perform its tasks.

Upon and subject to completion of the Offering, the members of the nomination committee will be:

- Robert Peek (chairman);
- Gerardus van Jeveren; and
- Luc Vandewalle.

11.3.4. Remuneration committee

11.3.4.1 The role of the remuneration committee

The remuneration committee makes recommendations to the board of directors on the remuneration of board members, members of the Executive Committee and important managers.

11.3.4.2 The duties of the remuneration committee

The remuneration committee has the following duties:

- making and evaluating proposals to the board of directors on the remuneration policy for non-executive directors as well as the proposals to be submitted to the shareholders;
- making and evaluating proposals to the board of directors on the remuneration policy for the chairman of the board of directors as well as the proposals to be submitted to the shareholders;
- making and evaluating proposals to the board of directors on the remuneration policy for the Executive Committee, as a whole (excluding the CEO) at least with regard to:
  - the main contractual terms, including the main characteristics of the pension schemes;
  - termination arrangements;
  - the key elements of the remuneration, including (i) the relative importance of each component of the remuneration, (ii) the performance criteria applicable to the variable elements and (iii) the fringe benefits;
- making and evaluating proposals to the board of directors on the remuneration policy for the CEO at least with regard to:
  - the main contractual terms, including the main characteristics of the pension schemes;
  - termination arrangements;

    - the key elements of the remuneration, including (i) the relative importance of each component of the remuneration, (ii) the performance criteria applicable to the variable elements and (iii) the fringe benefits;
- making recommendations on the individual remuneration of directors and of the members of the Executive Committee, including, depending on the situation, on bonuses and long-term incentives in the form of stock options or other financial instruments, or otherwise. If there are specific and justified reasons, the board of directors may deviate from this principle;
- making recommendations on the performance targets of the CEO and the other members of the Executive Committee;
- making guidelines for motivation or departing schemes for important managers;
- discussing at least once a year with the CEO the functioning and the achievements of the Executive Committee. The CEO may not be present with his or her own evaluation.

11.3.4.3 Composition of the remuneration committee

The remuneration committee consists of at least three directors, appointed by the board of directors, all of which are non-executive directors and at least the majority of which are independent directors. Only if the board of directors establishes that there are specific and justified reasons, the composition of the remuneration committee may deviate from this principle.

The chairman of the board of directors or a non-executive director shall be chairman of the nomination committee. The chairman of the board of directors or a non-executive director cannot preside the remuneration committee if his or her remuneration is an agenda item.

The appointment of the members of the remuneration committee shall be based on (i) their specific competences and experience, and (ii) the condition that the remuneration committee as a group must have the competence and experience required to perform its tasks.

Upon and subject to completion of the Offering, the members of the remuneration committee will be:

- Robert Peek (chairman);
- Johannes Stols; and
- Benoit Graulich.

11.4. Executive Committee

11.4.1. General provisions

The board of directors has established an Executive Committee in accordance with the provisions of Article 524bis of the Belgian Company Code.

The Executive Committee is responsible for the management of the Issuer and the Group and may exercise the authorities granted to it by the board of directors. These authorities shall in any event not include the general policy of the Issuer or any other authorities which may not be delegated to the Executive Committee pursuant to the applicable legal provisions, the articles of association of the Issuer or the internal charter which has been established in respect of the Executive Committee.

11.4.2. Duties of the Executive Committee

The Executive Committee has the following tasks:

- the exercise of the most extensive powers regarding the daily management of the Issuer, including but not limited to:
    - signing of the daily correspondence;
    - acting in name and on behalf of the Issuer vis-à-vis the state, the communities and the regions, the provinces and municipalities, the enterprise offices, customs- and tax administrations, the postal services and all other public services and authorities;
    - negotiating, signing and accepting all price offers, contracts, sale and purchase orders of all materials, services, goods, products and necessities of or for the Issuer;
    - registering the Issuer with all professional bodies;

    - representing the Issuer with employers' organisations and trade unions;
    - taking all necessary or useful measures for the exercise of the decisions and recommendations of the board of directors;
    - delegating one or more powers to staff members of the Issuer or to any other person; and
    - drafting and signing of all necessary or useful documents for the exercise of the powers of the daily management;
- the exercise of the most extensive powers regarding the preparation, budgeting, infrastructure, development and execution of (legal) actions which directly or indirectly relate to the matters mentioned hereafter, insofar these powers are exercised within the limits of the general and strategic management decided by the board of directors and which are not explicitly being reserved for the board of directors in accordance with the Belgian Company Code:
    - joint ventures, take-overs, investments and disinvestments;
    - research and product development;
    - distribution, purchase and production;
    - marketing and sale;
    - logistics;
    - informatics;
    - accounting, administrative and financial affairs;
    - treasury management;
    - supervision and control of the business unit(s) (managers);
    - legal affairs;
    - environment and licences;
    - insurances;
    - human resources;
    - fiscal and subsidies affairs; and
    - intellectual property;
- the drafting of public documents as press releases and the annual accounts; and
- the exercise of other powers and duties delegated to the Executive Committee by the board of directors at the suggestion of the CEO in specific cases.

11.4.3. Chief Executive Officer

The Chief Executive Officer of the Issuer (CEO) is appointed and can be dismissed by the board of directors of the Issuer. The CEO of the Issuer is Gerardus van Jeveren.

11.4.4. Composition of the Executive Committee

The Executive Committee is composed of several persons, which may or may not be directors. The CEO acts as chairman of the Executive Committee.

Upon and subject to completion of the Offering, the members of the Executive Committee will be:

Name and position	Term	Professional address
Gerardus van Jeveren — CEO	4 years	Textielstraat 24, 8790 Waregem, Belgium
Jan Peeters — CFO	4 years	Textielstraat 24, 8790 Waregem, Belgium
Frank Verbakel — Controller	4 years	Textielstraat 24, 8790 Waregem, Belgium

The curricula vitae of the members of the Executive Committee are given below (to the extent not included in Section 11.2.4):

Frank Verbakel (1960): Group Financial Controller

Frank Verbakel is Arseus's Group Financial Controller. From 1983 to 1996, Mr. Verbakel held various finance positions at Akzo Nobel's Organon division. In 1997 he was appointed Controller of Akzo Nobel's Chefaro division, which was acquired by Omega Pharma in 2000. In 2004, Mr. Verbakel was appointed Business Unit Controller of Fagron, and in 2007 he was appointed Group Financial Controller and a member of the Executive Committee of Arseus. Mr. Verbakel has a master degree in business economics from the Fontys College Eindhoven.

11.4.5. Litigation statement concerning members of the Executive Committee

On the date of this Prospectus, none of the members of the Executive Committee for at least the previous five years:

- had any convictions in relation to fraudulent offences;
- has held an executive function in the form of a senior manager or a member of the administrative, management or supervisory bodies of any company at the time of, or preceding, any bankruptcy, receivership or liquidation; or has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); or
- has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

11.5. Remuneration of members of the board of directors and the Executive Committee for the year 2007

The remuneration of the CEO amounts to €375,000.

The aggregate yearly remuneration of the other members of the Executive Committee amounts to €540,000. These remunerations do not include any pensions, bonuses or disbursements.

Subject to completion of the Offering, the chairman of the board of directors will receive a yearly remuneration of €30,000. Each non-executive member of the board of directors (excluding Couckinvest NV) will receive a yearly remuneration of €20,000. A director which is a member of a committee of the board of directors will receive a yearly remuneration of €5,000 per committee to which he is appointed.

None of the members of the board of directors or the Executive Committee has entered into an employment agreement with the Issuer or any of its subsidiaries which provides for distributions in the event of the termination of the employment agreements, except in accordance with applicable laws.

11.6. Shares and warrants held by members of the board of directors and the Executive Committee

Subject to completion of the Offering, (i) the CEO shall be granted 500,000 warrants, (ii) the chairman of the board of directors will be granted 20,000 warrants, (iii) Couckinvest NV will be granted 50,000 warrants, and (iv) the non-executive members of the board of directors shall be granted 10,000 warrants each. The members of the Executive Committee (excluding the CEO) shall in total be granted 300,000 warrants. At the date of this Prospectus, the members of the board of directors or Executive Committee do not hold any shares in the Issuer.

By granting warrants to independent directors, the Issuer deviates from the principles of the Belgian Corporate Governance Code. The board of directors of the Issuer deems this deviation justified in view of the remuneration policy of the Issuer and is of the opinion that it does not lead to a conflict of interest in respect of the independent directors.

11.7. The statutory auditor

The statutory auditor of the Issuer is PricewaterhouseCoopers Bedrijfsrevisoren, a company organised and existing under Belgian law, having its registered office at Woluwedal 18, 1932 Sint-Stevens-Woluwe, represented by Mr. Lieven Adams and Mr. Peter Opsomer. PricewaterhouseCoopers Bedrijfsrevisoren has been elected as statutory auditor of the Issuer for a term of three financial years.

PricewaterhouseCoopers Bedrijfsrevisoren will receive an annual fee of €286,500 for the audit of the whole group, including the audit of the consolidated financial statements and the limited review of the interim financial statements.

11.8. Conflicts of interest of members of the board of directors and the Executive Committee and transactions with affiliates

11.8.1. Conflicts of interest of directors and Executive Committee

11.8.1.1 Board of directors

Article 523 of the Belgian Company Code contains special provisions, which must be complied with whenever a director has a direct or indirect conflicting interest of a patrimonial nature in a decision or transaction within the authority of the board of directors.

According to Article 523. § 1 of the Belgian Company Code, directors having a direct or indirect conflicting interest of a patrimonial nature shall notify the other directors thereof prior to a decision of the board of directors relating to such conflicting interest. Their statement and the grounds justifying the aforementioned conflict of interest must be recorded in the minutes of the board of directors meeting at which such decision is taken.

With a view to its publication in the annual report, the board of directors must describe in the minutes the nature of the contemplated decision or the transaction and shall account for the decision taken. The minutes shall also mention the patrimonial consequences thereof for the Issuer. The annual report of the board must contain the aforementioned minutes in their entirety.

If the Issuer has appointed one or more statutory auditors, the directors concerned shall also inform such auditor of their conflicting interest. The report of the statutory auditors must contain a separate description of the patrimonial consequences for the Issuer of the decisions of the board of directors in respect of which there is a conflicting interest.

As from and subject to the completion of the Offering, the Issuer will be considered as a company that makes or has made a public offering. In such companies, as will be the Issuer as from the completion of the Offering, a director who has a conflicting interest with respect to a matter which is up for decision by the board of directors may not participate in the deliberation or the voting of the board of directors on such matter. In case of non-compliance with the foregoing, the Issuer may request the annulment of the decision or the transactions which have taken place in breach of these provisions if the counterparty to the decision or the transaction was, or should have been, aware of such breach (Article 523. § 2 Belgian Company Code).

Article 523. § 1 of the Belgian Company Code does not apply:

- if the decision or transaction within the authority of the board of directors relates to decisions or transactions between companies of which one holds, directly or indirectly, at least 95% of the voting securities issued by the other or between companies of which at least 95% of the voting securities issued by each of them are held by another company (Article 523. § 3. al. 1 Belgian Company Code); or
- if the decision of the board of directors relates to customary transactions which take place on conditions and with collateral customary for similar market transactions (Article 523. § 3. al. 2 Belgian Company Code).

Currently, the directors have no conflicts of interest within the meaning of Article 523 of the Belgian Company Code that have not been disclosed to the board of directors.

11.8.1.2 Executive Committee

Article 524ter of the Belgian Company Code contains special provisions in respect of a potential conflict of interest of members of the Executive Committee, similar to the provisions applicable to those set out under Section 11.8.1.1. These provisions must be complied with whenever a member of the Executive Committee has a direct or indirect conflicting interest of a patrimonial nature in a decision or transaction within the authority of the Executive Committee.

According to Article 524ter § 1 of the Belgian Company Code, members of the Executive Committee having a direct or indirect conflicting interest of a patrimonial nature shall notify the other members of the Executive Committee thereof prior to a decision of the Executive Committee relating to such conflicting interest. Their statement and the grounds justifying the aforementioned conflict of interest must be recorded in the minutes of the Executive Committee meeting at which such decision is taken.

With a view to its publication in the annual report, the Executive Committee must describe in the minutes the nature of the contemplated decision or the transaction and shall account for the decision taken. The minutes shall also mention the patrimonial consequences thereof for the Issuer. The annual report of the board of directors must contain the aforementioned minutes in their entirety.

If the Issuer has appointed one or more statutory auditors, the members of the Executive Committee concerned shall also inform such auditor of their conflicting interest. The report of the statutory auditors must contain a separate description of the patrimonial consequences for the Issuer of the decisions of the Executive Committee in respect of which there is a conflicting interest.

As from and subject to the completion of the Offering, the Issuer will be considered as a company that makes or has made a public offering. In such companies, as will be the Issuer as from the completion of the Offering, a director who has a conflicting interest with respect to a matter which is up for decision by the Executive Committee may not participate in the deliberation or the voting of the Executive Committee on such matter. Furthermore, the provisions of Article 523. § 2 and Article 523. § 3 of the Belgian Company Code, as set out in Section 11.8.1.1, shall accordingly apply.

11.8.2. Transactions with affiliates

Article 524 of the Belgian Company Code, which will apply to the Issuer following completion of the Offering, provides for a special procedure to be followed when the Issuer's decisions or transactions concern relationships between the Issuer, on the one hand, and any of its affiliated companies within the meaning of Article 6 of the Belgian Company Code (other than subsidiaries) of the Issuer, on the other hand. The procedure contained in Article 524 of the Belgian Company Code must also be followed for decisions or transactions that concern relationships between the Issuer's subsidiaries and affiliated companies of such subsidiaries within the meaning of Article 6 of the Belgian Company Code (other than subsidiaries of the subsidiaries). Such a procedure does not apply to decisions or transactions that are entered into in the ordinary course of business at usual market conditions or for decisions and transactions whose value does not exceed 1% of the Issuer's consolidated net assets.

Prior to a decision or transaction to which Article 524 applies, a committee of three independent members of the board of directors, assisted by one or more independent experts, must give an assessment thereof, describing the nature of the decision or operation, identifying advantages and disadvantages for the Issuer and its shareholders and its financial impact, and determining whether or not the decision or transaction is manifestly detrimental in light of the Issuer's policies. The committee's assessment must be submitted in writing to the board of directors, which then makes a decision in light of the committee's recommendation. The board of directors may deviate from the committee's recommendation, but, if it does, it must justify the reasons for such a deviation. The committee's assessment must be published, together with an excerpt of the minutes of the board of directors' conclusions, in the Issuer's annual report.

12. RELATED PARTY TRANSACTIONS

Under a €600,000,000 facility agreement entered into by Omega Pharma on 1 December 2006, Omega Pharma and Omega Pharma Holding (Nederland) B.V. may borrow amounts to finance the general corporate purposes of the Omega Pharma group, including in respect of the Group entities, by means of a cash pooling arrangement and inter-company loans.

None of the Group entities are a party to the facility agreement or have granted any guarantee or security under this facility agreement. However, the borrowers and the guarantors of the €600,000,000 facility agreement have given certain representations, warranties and undertakings that also apply to the Group entities in their capacity as members of the Omega Pharma group.

The Issuer and Arseus Capital NV (as borrowers/guarantors) as well as certain other Group entities (as guarantors) have signed a €200,000,000 revolving credit facility agreement with ING Bank NV. Subject to completion of the Offering, the Issuer and Arseus Capital NV will be allowed to draw under the new credit facility agreement in order to, amongst others, repay any outstanding intra-group loans between Group entities and Omega Pharma.

At the Closing Date, there will be no other related party transactions than those mentioned above. In the past, the Issuer has entered into arrangements with Omega Pharma for various corporate services.

13. TAXATION

13.1. Taxation in Belgium

The following is a general summary of the Belgian tax treatment of the acquisition, ownership and disposal of Shares in the Issuer. It is based on Belgian tax laws, regulations and administrative interpretations in effect on the date of this Prospectus. Any changes in Belgian tax law, regulations and administrative interpretations, including changes that could have a retrospective effect may affect the validity of this summary. The following summary does not take into account or discuss the tax laws of any country other than Belgium, nor does it take into account the individual circumstances of each investor. Prospective investors should consult their own advisers as to the Belgian and foreign tax consequences of the acquisition, ownership and disposal of the shares.

For the purposes of this summary, a Belgian resident is: (i) an individual subject to Belgian personal income tax, i.e. an individual whose domicile is in Belgium or whose 'seat of wealth' (*zetel van fortuin*) is in Belgium, or a person assimilated to a Belgian resident (a **Belgian Resident Individual**); (ii) a company subject to Belgian corporate income tax, i.e. a company that has its registered office, its main establishment, or its effective place of management in Belgium (a **Belgian Resident company**); or (iii) a legal entity subject to Belgian tax on legal entities, i.e. a legal entity other than a company subject to corporate income tax, that has its registered office, its main establishment, or its effective place of management in Belgium (a **Belgian Resident Legal Entity**). For the purposes of this summary, a Belgian non-resident is any person that is not a Belgian resident.

13.1.1. Dividends

For Belgian income tax purposes, the gross amount of all distributions made by the Issuer to its shareholders is generally taxed as a dividend distribution. By way of exception, the repayment of capital carried out in accordance with the Belgian Company Code is not treated as a dividend distribution to the extent that such repayment is imputed on "fiscal" capital. This "fiscal" capital includes, in principle, the actual paid-up capital and, subject to certain conditions, the paid issue premiums and the amounts subscribed to at the time of the issue of profit sharing certificates.

Belgian withholding tax of 25% must normally be levied on dividends. Under certain circumstances, the 25% rate is reduced to 15% for certain qualifying shares (VVPR shares). The New Shares will benefit from the 15% withholding tax since the Issuer has decided to issue VVPR strips in relation to these New Shares.

In case of a redemption of Shares, the redemption price (after deduction of the part of the paid-up fiscal capital represented by the Shares redeemed) will be treated as dividend which, in certain circumstances, may be subject to a Belgian withholding tax of 10% unless this redemption is carried out on a stock exchange and meets certain conditions. In the event of liquidation of the Issuer, a withholding tax of 10% will be levied on any distributed amount exceeding the paid-up fiscal capital.

13.1.1.1 Belgian Resident Individuals and Belgian Resident Legal Entities

For Belgian Resident Individuals and Belgian Resident Legal entities, Belgian withholding tax generally constitutes the final tax in Belgium on their dividend income and the dividend needs not to be reported in the annual income tax return.

If a Belgian Resident Individual elects to report the dividend income in his or her personal income tax return, this income will be taxed at the separate rate of 25% (or 15% for New Shares with VVPR strips) or at the progressive personal income tax rates applicable to the tax payer's overall declared income, whichever rate is lower. In both cases, the amount of income tax to be paid will be increased by a local surcharge (which vary, as a rule, from 6% to 9% of the individual's income tax liability). Also in both cases, the Belgian withholding tax paid can be credited against the final income tax liability of the investor and may also be refunded to the extent it exceeds the final income tax liability, provided that the dividend distribution does not entail a reduction in value of, or capital loss on, the Shares. The reduction in value/capital loss restriction is not applicable if the Belgian individual shows that he had full ownership of the Shares during an uninterrupted period of twelve months prior to the attribution of the dividends.

13.1.1.2 Belgian Resident Companies

Corporate income tax

For Belgian Resident Companies, the gross dividend income (including the withholding tax) is normally taxable at (currently) 33.99%. In certain circumstances lower tax rates may apply (i.e. for SMEs meeting certain conditions).

However, 95% of the gross dividend received can in principle (although subject to certain limitations) be deducted from the taxable income ("dividend received deduction"), provided that at the time of a dividend payment or attribution.

(1) the Belgian Resident Company holds Shares representing at least 10% of the capital of the Issuer or Shares with an acquisition value of at least €1,200,000;

(2) the Shares qualify and are recorded as a "fixed financial asset" under Belgian GAAP; and

(3) the Shares have been held or will be held in full ownership for an uninterrupted period of at least one year.

Condition (1) is not applicable to dividends received by credit institutions referred to in Article 56. § 1 of the Belgian Income Tax Code 1992 ("ITC 1992"), by insurance companies referred to in Article 56. § 2. 2°, of the ITC 1992, and by broker dealers referred to in Article 47 of the Law of 6 April 1995. Conditions (1), (2) and (3) are not applicable to dividends received by investment companies as defined in Article 2. 5°. f) ITC 1992.

The withholding tax may, in principle, be offset against the corporate income tax and be reimbursable to the extent that it exceeds the corporate income tax payable, provided that: (i) the taxpayer is the full legal owner of the shares at the time of payment or attribution of the dividends; and (ii) the dividend distribution does not give rise to a write-off or a capital loss on the Shares. Condition (ii) is not applicable if the investor proves that it has been the full legal owner of the Shares for an uninterrupted period of twelve months prior to the attribution of the dividends or if, during that period, the Shares have never belonged to a tax payer other than a resident company or a non-resident company holding Shares through a permanent establishment in Belgium.

Withholding tax

No withholding tax will be due on dividends paid to a Belgian Resident Company if at the time of the distribution of the dividend, the Belgian Resident Company has owned at least 15% of the Shares for an uninterrupted period of at least one year and, subject to certain formalities.

For those investors who have held the minimum participation in the Issuer for less than one year, the Issuer will retain an amount equal to the withholding tax. However, if the investor certifies its resident status and the date on which it acquired the shareholding, the Issuer will not transfer this amount to the Belgian Treasury. As soon as the investor will have owned the shares for one year, the Issuer will pay the withheld amount to it.

Note that the 15% minimum participation requirement will be reduced to 10% for dividends attributed or paid after 1 January 2009.

13.1.1.3 Belgian non-residents

If the Shares are held by a non-resident in connection with a business in Belgium, the non-resident must report any dividends received, which will be subject to non-resident individual or corporate income tax.

For non-resident companies, the dividend received deduction will apply under the same conditions as for Belgian Resident Companies.

The withholding tax may, in principle, be offset against non-resident individual or corporate income tax and is reimbursable to the extent that it exceeds the actual tax payable, provided that the dividend distribution does not give rise to a write-off or a capital loss on the shares. This condition is not applicable if (i) the non-resident individual or the non-resident company can prove that he/it has been the full legal owner of the Shares for an uninterrupted period of twelve months prior to the attribution of the dividends or (ii), if during that period, with regard to non-resident companies only, the Shares have never belonged to a taxpayer other than a resident company or a non-resident company holding shares through a permanent establishment in Belgium.

With regard to non-resident individual investors who acquire the Shares for professional purposes or non-resident companies, the tax payer must fully own the Shares at the time the dividends are made available for payment or attributed in order for the withholding tax to be creditable against non-resident individual or corporate income tax.

A non-resident shareholder, who does not hold Shares through a permanent establishment or fixed base in Belgium, will not be subject to any Belgian income tax other than the dividend withholding tax, which usually constitutes the only and final Belgian income tax due.

Exemption from withholding tax on Belgian dividends is available to:

(1) European Union resident companies that qualify under the EU Parent-Subsidiary Directive of 23 July 1990 (90/435/EEC) as amended by Directive 2003/123/EG of 22 December 2003; and

(2) certain qualifying companies, that are subject to corporate tax or a similar tax and that are tax resident of a State with which Belgium has concluded a double tax treaty and with which it has agreed terms for the exchange of information necessary to enable the respective enforcement of each State's tax laws

provided that they have owned at least a 15% interest in the Issuer (10% after 1 January 2009) for an uninterrupted period of at least one year and subject to certain formalities.

A shareholder that holds an interest in the Issuer of 15% or more but that has not held such interest for the minimum one year period at the time the dividends are attributed, may benefit from the exemption if it undertakes to continue to hold the Shares until the one year period has expired and to notify the Issuer immediately if the one year period has expired or if its shareholding falls below 15%. The Issuer will hold an amount equal to the withholding tax until the end of the one-year holding period and will then either pay it back to the shareholder or to the Belgian Treasury, as appropriate.

If no exemption is available under Belgian domestic tax law, the Belgian dividend withholding tax may be reduced for investors who are non-residents pursuant to the treaties for the avoidance of double taxation concluded between the Belgian State and the state of residence of the non-resident shareholder. Belgium has concluded tax treaties with more than 80 countries, reducing the dividend withholding tax rate to 15%, 10%, 5% or 0% for residents of those countries, depending generally on conditions relating to the significance of the shareholding and certain identification formalities. Prospective holders should consult their own tax advisors to determine whether they qualify for a reduction in the withholding tax rate and, if so, the procedural requirements for obtaining such reduction or claiming any reimbursement.

13.1.2. Capital gains and losses

13.1.2.1 Belgian Resident Individuals and Belgian Resident Legal Entities

Belgian Resident Individuals and Belgian Resident Legal Entities are generally not subject to Belgian income tax on capital gains realised upon the sale, exchange or other transfer of Shares.

However:

- capital gains realised by a private individual are taxable at 33% (plus local surcharge) if these gains are the result of speculation or if they cannot be characterised as being the result of normal management of a private estate; and
- capital gains realised by a Belgian Resident Individual or a Belgian Legal Entity upon the transfer of Shares belonging to a substantial shareholding of 25% or more in the Issuer to certain non-resident corporates or legal entities are taxable at 16.5% (plus local surcharge). However, if this gain is realised upon a sale to a resident of the European Economic Area, it will not be taxed. The European Court of Justice ruled on 8 June 2004 that the Belgian legal provision stipulating that such gain is taxable, is incompatible with the free movement of capital and the freedom of establishment set forth in the EC Treaty. The Belgian tax authorities have announced that they will comply with the ECJ arrest.

Any losses suffered by private Belgian Resident Individuals upon the disposal of the Shares are generally not tax deductible. However, losses on speculative transactions or transactions outside the framework of the normal management are, in principle, tax deductible from the income received pursuant to similar transactions.

Belgian Resident Individuals who hold Shares for professional purposes are taxed at the ordinary progressive income tax rates increased by the applicable local surcharges on any capital gains realised upon the disposal of Shares. If the Shares were held for at least five years prior to such disposal, the capital gains tax would be levied at a reduced rate of 16.5%. Losses on Shares realised by such an investor are tax deductible.

Losses incurred by a Belgian Resident Legal Entity upon disposal of Shares are generally not tax deductible.

13.1.2.2 Belgian Resident Companies

Belgian Resident Companies are generally not subject to Belgian income tax on capital gains realised upon the sale, exchange or other transfer of Shares.

Capital losses realised upon the sale, exchange, redemption or other transfer of Shares are in principle not tax deductible under Belgian tax law, except possibly at the time of liquidation up to the amount of the fiscal capital represented by those Shares.

13.1.2.3 Non-residents

Non-residents are generally not taxable on capital gains realised upon the sale, exchange or other transfer of Shares.

Capital losses are generally not tax deductible under Belgian tax law.

Non-resident companies holding Shares through a permanent establishment or a fixed base in Belgium are generally subject to the same regime as Belgian Resident Companies.

A non-resident shareholder who does not hold Shares through a permanent establishment or fixed base in Belgium will generally not be subject to Belgian income tax on capital gains realised upon the sale, exchange or other transfer of Shares.

13.1.3. Tax on stock exchange transactions

The purchase and the sale and any other acquisition or transfer for consideration of the Existing Shares (secondary market) in Belgium through a "professional intermediary" is subject to the tax on stock exchange transactions, generally at 0.17% of the purchase price, capped at €500 per transaction and per party. Upon the issue of the New Shares (primary market), no tax on stock exchange transactions is due.

In any event, no tax on stock exchange transactions is payable by (i) professional intermediaries within the meaning of Article 2. 9° and 10° of the Law of 2 August 2002 acting for their own account; (ii) insurance undertakings within the meaning of Article 2. § 1 of the law of 9 July 1975 acting for their own account, (iii) professional retirement institutions referred to in Article 2. 1° of the Law of 27 October 2006 concerning the supervision on institutions for occupational pensions acting for their own account, (iv) collective investment institutions acting for their own account, and (v) non-residents (provided they submit a certificate certifying their non-residency in Belgium).

13.2. Taxation in the Netherlands

The following summary outlines certain principal Dutch tax consequences in connection with the acquisition, ownership and disposal of Shares, but does not purport to present any comprehensive or complete description of all Dutch tax aspects that could be of relevance to a holder of Shares, who may be subject to special tax treatment under any applicable law. This summary is based on the current law and practice of the Netherlands, which is subject to changes that could prospectively or retrospectively affect the stated tax consequences. It does not address the tax consequences of a holder of Shares who is an individual and who together with his partner (statutorily defined term) and/or certain other close relatives, holds, alone or together, directly or indirectly, (i) the ownership of, (ii) certain other rights, such as usufruct, over, or (iii) rights to acquire (whether or not already issued) Shares representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of Shares) of the Issuer. It also does not address the tax consequences of any other shareholder holding, alone or together with certain related entities, Shares representing an interest of at least 5% in the paid-up nominal share capital of the Issuer. Prospective holders of Shares should consult their own professional tax adviser with respect to the tax consequences of any acquisition, ownership or disposal of Shares in their individual circumstances.

13.2.1. Withholding tax

All payments under the Shares may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

13.2.2. Taxes on income and capital gains

13.2.2.1 Holder of Shares resident in the Netherlands: individuals

A holder of Shares, who is an individual, resident or deemed to be resident in the Netherlands, or who has elected to be taxed as resident in the Netherlands for Netherlands income tax purposes, will be subject to regular Netherlands income tax on the income derived from the Shares and the gains realised upon the acquisition, redemption, and/or disposal of the Shares by the holder thereof, if:

- such holder of Shares has an enterprise or an interest in an enterprise, to which enterprise the Shares are attributable; and/or
- such income or capital gain forms "a benefit from miscellaneous activities" *(resultaat uit overige werkzaamheden)* which, for instance, would be the case if the activities with respect to the Shares exceed "normal active asset management" (*normaal, actief vermogensbeheer*).

If either of the above-mentioned conditions applies, income or capital gains in respect of dividends distributed by the Issuer or in respect of any gain realised upon the redemption or disposal of the Shares will in general be subject to Netherlands income tax at the progressive rates.

If the above-mentioned conditions do not apply, the holder of Shares who is an individual, resident or deemed to be resident in the Netherlands, or who has elected to be taxed as resident of the Netherlands, will not be subject to taxes on income and capital gains in the Netherlands. Instead, the individual holder is taxed at a flat rate of 30% on deemed income from "savings and investments" *(sparen en beleggen)*. This deemed income generally amounts to 4% of the average of the individual's "yield basis" *(rendementsgrondslag)*, at the beginning of the calendar year and the individual's "yield basis" at the end of the calendar year (minus a tax-free threshold). The yield basis would include the fair market value of the Shares.

13.2.2.2 Holder of Shares resident in the Netherlands: corporate entities

A holder of Shares that is resident or deemed to be resident in the Netherlands for corporate income tax purposes, and that is:

- a corporation;
- another entity with a capital divided into shares;
- a cooperative (association); or
- another legal entity that has an enterprise or an interest in an enterprise to which the Shares are attributable.

but which is not:

- a qualifying pension fund;
- a qualifying investment fund *(fiscale beleggingsinstelling)*;
- a qualifying exempt investment fund *(vrijgestelde beleggingsinstelling)*; or
- a corporation, cooperative or other (legal) entity exempt from corporate income tax.

will in general be subject to corporate income tax, generally levied at a rate of 25.5% in 2007 (20% over profits up to €25,000 and 23.5% over profits between €25,000 and €60,000), on the income derived from the Shares and the gains realised upon the acquisition, redemption, and/or disposal of the Shares by the holder thereof.

13.2.2.3 Holder of Shares outside the Netherlands: individuals

A holder of Shares who is an individual, not resident or deemed to be resident of the Netherlands, and who has not elected to be taxed as a resident of the Netherlands for Dutch income tax purposes, will not be subject to any Dutch taxes on any income derived from and/or capital gain realised upon redemption or disposal of the Shares, unless:

- such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands and to which permanent establishment or permanent representative the Shares are attributable; and/or
- such income or capital gain forms a "benefit from miscellaneous activities in the Netherlands" (*resultaat uit overige werkzaamheden in Nederland*) which would for instance be the case if the activities in the Netherlands with respect to the Shares exceed "normal active asset management" (*normaal, actief vermogensbeheer*).

If either of the above-mentioned conditions applies, any income derived from and/or any capital gain realised upon redemption or disposal of the Shares will in general be subject to Netherland income tax at the progressive rates.

13.2.2.4 Holder of Shares resident outside the Netherlands: legal and other entities

A holder of Shares that is a legal entity, another entity with a capital divided into shares, an association, a foundation or a fund or trust, not resident or deemed to be resident in the Netherlands, will not be subject to any Netherlands taxes on any income and/or any capital gain realised upon redemption or disposal of the Shares, unless:

- such holder of Shares has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands and to which permanent establishment or permanent representative the Shares are attributable; or
- such holder of Shares is entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands, other than by way of securities, and to which enterprise the Share are attributable.

Such holder of Shares will in general be subject to regular corporate income tax, generally levied at a rate of 25.5% in 2007 (20% over profits up to €25,000 and 23.5% over profits between €25,000 and €60,000) over any income derived from and/or any capital gain realised upon redemption or disposal of the Shares, unless the participation exemption applies.

13.2.3. Gift, Estate and Inheritance Taxes

13.2.3.1 Holders of Shares resident in the Netherlands

Gift tax may be due in the Netherlands with respect to an acquisition of Shares by way of a gift by a holder of Shares who is resident or deemed to be resident in the Netherlands. Inheritance tax may be due in the Netherlands with respect to an acquisition or deemed acquisition of Shares by way of an inheritance or bequest on the death of a holder of Shares who is resident or deemed to be resident in the Netherlands, or by way of a gift within 180 days before his death by a holder of Shares who is resident or deemed to be resident in the Netherlands at the time of his death.

For purposes of Dutch gift and inheritance tax, (i) an individual with the Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death, and (ii) any individual will be deemed to be resident in the Netherlands if so requested by the beneficiary(ies) of the gift or estate, and provided certain conditions are met. For purposes of Dutch gift tax, an individual not holding the Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

13.2.3.2 Holders of Shares resident outside the Netherlands

No gift, estate or inheritance taxes will arise in the Netherlands with respect to an acquisition or deemed acquisition of Shares by way of a gift by, or on the death of, a holder of Shares who is neither resident nor deemed to be resident in the Netherlands, unless:

- such holder at the time of the gift has or at the time of his death had an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which permanent establishment or permanent representative the Shares are or were attributable;
- the Shares are (deemed to be) attributable to the assets of an enterprise that is effectively managed in the Netherlands and the donor or the deceased is entitled, other than by way of securities or through an employment contract, to a share in the profits of that enterprise, at the time of the gift or at the time of his or her death; or
- in the case of a gift of Shares by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

13.2.4. Other taxes and duties

No Dutch registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the subscription, issue, placement, allotment, or delivery of the Shares.

14. FINANCIAL INFORMATION

14.1. Opening financial statements of Arseus NV as of 29 June 2007

14.1.1. Opening balance-sheet

Opening balance-sheet of Arseus NV as of 29 June 2007:

	29 June 2007 *(in €1,000)*
Cash and cash equivalents	62
ASSETS	**62**
Capital	62
Equity	**62**
EQUITY AND LIABILITIES	**62**

Relation between Arseus NV and Arseus B.V.

As of 30 June 2007, all legal entities identified as "Arseus Entities" are directly or indirectly owned by Arseus B.V.. As such, Arseus B.V. is the parent of the Arseus Group. Arseus B.V. is at that time also the parent of Arseus NV since Arseus NV was established on 29 June 2007 by Arseus B.V..

In addition, as of 30 June 2007, all of the shares of Arseus B.V. are held by Omega Pharma Holding Nederland B.V.. All of the shares of Arseus B.V. are transferred to Omega Pharma NV by a notary deed dated 31 August 2007. On 7 September 2007, Omega Pharma NV contributed all of the shares of Arseus B.V. into the capital of Arseus NV in exchange for shares of Arseus NV. From then onwards, Arseus NV fully owns Arseus B.V. and Arseus NV will have become the parent of the Arseus Group. It are the shares of Arseus NV that will be publicly listed. The above transfer of shares and contribution in kind of shares are conditional in respect of the finalisation of the bidding price within the context of the Initial Public Offering.

Since in all of the above transactions, all companies are directly or indirectly fully owned by Omega Pharma NV, the transactions constitute business combinations under common control. As a consequence, for accounting purposes, the predecessor value method will be used to account for this transaction.

Because of the continuity as described above, management has also decided that the company's consolidated financial statements will be issued under the name of Arseus NV, but described in the notes as a continuation of the consolidated financial statements of Arseus B.V., because such consolidated financial statements represent a continuation of the financial statements of Arseus B.V., which means:

1. the assets and liabilities of Arseus NV Group shall be recognised and measured in those consolidated financial statements at their carrying amounts from consolidated financial statements of Arseus B.V. Group determined in accordance with IFRS;

2. the retained earnings and other equity balances recognised in those consolidated financial statements shall be the retained earnings and other equity balances of the Arseus NV. The difference between the acquisition consideration and the eliminated share capital of Arseus B.V. is recognised as a merger reserve;

3. the income statement for the accounting year ending 31 December 2007 will include 12 months, notwithstanding the fact that the accounting year of Arseus NV as a legal entity is an abbreviated accounting year (29 June — 31 December 2007);

4. comparative information presented in those consolidated financial statements shall be that of the Arseus B.V..

14.2. Unaudited condensed interim combined financial accounts of Arseus Group

14.2.1. Combined profit and loss accounts

	30.06.2007	30.06.2006
	(€ thousands)	
Operating income	**147,144**	**134,189**
Revenues	145,870	133,164
Other operating income	1,274	1,025
Operating charges	**134,529**	**121,209**
Trade goods	82,855	73,917
Changes in inventories of finished goods and work in progress	(5,263)	(3,974)
Services and other goods	20,614	18,691
Employee benefit expenses	31,039	29,282
Depreciations, amortisations and changes in provisions for liabilities	2,876	2,687
Other operating expenses	2,407	605
Operating profit	**12,615**	**12,980**
Financial cost (net)	(3,368)	(2,731)
PROFIT BEFORE INCOME TAX	**9,247**	**10,249**
Income tax	(1,570)	(2,807)
PROFIT OF THE PERIOD	**7,677**	**7,442**

14.2.2. Combined balance sheet

	30.06.2007	30.06.2006
	(€ thousands)	
Non current assets	**179,493**	**159,146**
Intangible assets	147,629	133,794
Property, plant and equipment	19,480	16,375
Financial assets	255	255
Deferred income taxes	11,400	8,150
Other non-current assets	729	572
Current assets	**122,273**	**110,476**
Inventories	54,986	55,198
Trade receivables	52,934	44,513
Other current assets	11,324	6,021
Cash and cash equivalents	3,029	4,744
TOTAL ASSETS	**301,766**	**269,622**
NET ASSETS OF THE COMBINATION	**102,272**	**91,166**
LIABILITIES	**199,494**	**178,456**
Non current liabilities	**58,829**	**13,042**
Provisions	912	2,631
Pension obligations	2,158	2,754
Deferred tax liabilities	2,527	2,308
Borrowings	53,232	5,316
Other non-current liabilities	0	33
Current liabilities	**140,665**	**165,414**
Borrowings	56,299	97,493
Trade payables	57,186	38,382
Taxes, remuneration and social security	19,448	16,811
Other current payables	7,732	12,728
TOTAL EQUITY AND LIABILITIES	**301,766**	**269,622**

14.2.3. Combined cash flow statement

	January - June 2007	January - June 2006
	(€ thousands)	
Profit before income taxes	9,247	10,249
Taxes paid	(1,284)	(3,541)
Adjustments for non-cash items & interests cost	6,513	3,770
Changes in working capital	(4,900)	(7,827)
Total cashflow from operating activities	**9,576**	**2,651**
Capital expenditure & disposals	(6,466)	(1,691)
Investments in existing shareholdings (deferred payments) and in new holdings (net of cash received)	(1,977)	(1,623)
Total cashflow from investing activities	**(8,443)**	**(3,314)**
Capital increase in cash Repurchasing shares Dividend distribution Change in debt	2,698	3,447
Interest received (paid)	(3,368)	(2,731)
Total cashflow from financing activities	**(670)**	**716**
Total net cashflow of the period	**463**	**53**
Cash and cash equivalents — start of the year	2,532	4,707
Gains and losses on exchange of liquid assets	34	(16)
Cash and cash equivalent — end of the year	3,029	4,744
Change in cash and cash equivalents	**463**	**53**

14.2.4. Combined statement of changes in equity

	Share capital & share premium	Merger reserves	Net assets of the combination	Cumulative translation adjustments	Retained earnings	Total equity
			(in thousands of EUR)			
Balance at 1 January 2006			54,022	(16)	28,861	82,867
Currency translation adjustments				(65)		(65)
Profit for the period					7,442	7,442
Capital increases			17,556			17,556
Common control transactions			(21,725)			(21,725)
Business Combinations			5,091			5,091
Dividend to Omega			0			
Balance at 30 June 2006	0	0	54,944	(81)	36,303	91,166

	Share capital & share premium	Merger reserves	Net assets of the combination	Cumulative translation adjustments	Retained earnings	Total equity
			(In thousands of EUR)			
Balance at 1 January 2007	150,746	(96,537)	0	(311)	40,984	94,882
Currency translation adjustments				(287)		(287)
Profit for the period					7,677	7,677
Dividend to Omega						0
Share Capital of Arseus B.V.						0
Balance at 30 June 2007	150,746	(96,537)	0	(598)	48,661	102,272

Please refer to note 14.3.4 for detailed explanations of the different lines.

14.2.5. Notes to the condensed combined financial statements Arseus Group

1. General information

Arseus B.V. and its subsidiaries are leading providers of product and services to European healthcare professionals and institutions. The group is active across numerous healthcare markets, including pharmaceutical compounding, dental products, medical and surgical products, and healthcare information technology.

The Group has activities in eight European countries, including Belgium, the Netherlands, Germany, France, Italy, Spain, Switzerland and the UK and the Group markets certain of its products in three additional countries, Austria, Luxembourg and Portugal.

The Arseus B.V. is a limited liability company, incorporated and domiciled in the Netherlands, having its registered office at 's Gravenweg, 2911 CL Nieuwekerk ad Ijsel, registered in the Dutch Trade Register under number 30064580.

The condensed interim combined financial statements have been approved for issue by the board of directors on 28 August 2007.

2. Summary of significant accounting policies

The management has chosen not to fully adopt IAS 34 "Interim Financial Statements" in preparing its 2006 and 2007 interim financial statements, IAS 34 was applied for measurement and recognition purposes, however not all disclosures required by IAS 34 were prepared.

The principle accounting policies applied in preparation of these financial statements are consistently applied with those at the year-end financial statements. For a summary of the significant accounting policies see point 14.3.5 of this Prospectus.

14.2.6. Independent auditor's review report

To the board of directors of Arseus NV

Independent Auditor's Review Report

We have reviewed the condensed combined balance sheets of Arseus Group as of 30 June 2007 and 30 June 2006 and the related condensed combined statements of income, of cash flows and of changes in shareholders' equity for the 6 month periods then ended. These condensed interim combined financial statements, which are included in Section 14.2 of this Prospectus, have been prepared under the responsibility of the board of directors of Arseus Group, in accordance with the accounting policies described in Note 1 and 2.

Our review involved principally analysis, comparison and discussion of the financial information in accordance with the recommendation of the Belgian Institute of Company Auditors related to reviews and, accordingly, was less extensive in scope than an audit of the condensed interim combined financial statements.

Our review did not reveal any matters requiring correction of the condensed interim combined financial statements for them to have been properly prepared, in all material respects, in accordance the accounting policies described in Note 1 and 2.

Without qualifying our report, we draw attention to the fact that for the periods ended 30 June 2007 and 2006, the Arseus Group, has not operated as a separate group. These condensed combined financial statements are therefore not indicative of results that would have occurred if the Group had been a separate stand-alone group during the periods presented or for future periods.

7 September 2007

PricewaterhouseCoopers Bedrijfsrevisoren bcvba

Represented by

Peter van den Eynde	Peter Opsomer
Bedrijfsrevisor	Bedrijfsrevisor

14.3. IFRS combined accounts for Arseus NV 2004-2006

14.3.1. Combined profit and loss account

	Notes	2006	2005	2004
		(€ thousands)		
Operating income		**278,903**	**286,126**	**289,949**
Revenues	14.3.5.16	276,971	283,248	283,284
Other operating income	14.3.5.17	1,932	2,878	6,665
Operating charges		**258,783**	**262,320**	**264,077**
Trade goods		142,159	150,454	162,292
Changes in inventories of finished goods and work in progress		4,122	3,808	(2,255)
Services and other goods		39,806	39,762	38,668
Employee benefit expenses	14.3.5.18	59,232	56,533	57,526
Depreciations, amortisations and changes in provisions for liabilities	14.3.5.19	5,262	3,938	4,198
Other operating expenses	14.3.5.20	8,202	7,826	3,649
OPERATING PROFIT		**20,120**	**23,806**	**25,872**
Financial costs (net)	14.3.5.21	(5,508)	(3,999)	(5,228)
PROFIT BEFORE INCOME TAX		**14,612**	**19,807**	**20,644**
Income tax	14.3.5.22	(2,489)	(4,744)	(6,846)
PROFIT OF THE PERIOD		**12,123**	**15,063**	**13,798**

14.3.2. Combined balance sheet

	Notes	31.12.2006	31.12.2005	31.12.2004
		(€ thousands)		
Non current assets		**173,012**	**159,806**	**152,347**
Intangible assets	14.3.5.7	145,656	132,610	127,997
Property, plant and equipment	14.3.5.6	16,397	16,844	16,287
Financial assets	14.3.5.8	255	2,195	2,208
Deferred income taxes	14.3.5.13	10,037	7,530	5,188
Other non-current assets		667	627	668
Current assets		**112,446**	**112,232**	**120,847**
Inventories	14.3.5.10	50,062	51,438	56,020
Trade receivables	14.3.5.9	48,759	48,178	51,536
Other current assets	14.3.5.9	11,093	7,909	8,219
Cash and cash equivalents		2,532	4,707	5,072
TOTAL ASSETS		**285,458**	**272,038**	**273,194**
NET ASSETS OF THE COMBINATION		**94,882**	**82,867**	**102,540**
LIABILITIES		**190,576**	**189,171**	**170,654**
Non current liabilities		**58,157**	**15,153**	**27,196**
Provisions	14.3.5.15	1,296	2,800	2,664
Pension obligations	14.3.5.14	2,349	4,471	4,676
Deferred tax liabilities	14.3.5.13	2,423	2,112	1,884
Borrowings	14.3.5.12	52,088	5,735	17,907
Other non-current liabilities		0	35	65
Current liabilities		**132,419**	**174,019**	**143,458**
Borrowings	14.3.5.12	53,618	100,160	75,856
Trade payables		49,525	49,058	46,159
Taxes, remuneration and social security	14.3.5.13	19,058	15,861	14,839
Other current payables	14.3.5.11	10,219	8,939	6,604
TOTAL EQUITY AND LIABILITIES		**285,458**	**272,038**	**273,194**

14.3.3. Combined cash flow statement

	2006	2005	2004
		(€ thousands)	
Profit before income tax	**14,611**	**19,808**	**20,644**
Taxes paid	(4,627)	(6,163)	(8,833)
Amortisation of intangible fixed assets	2,677	1,978	1,002
Depreciation of tangible fixed assets	3,433	3,267	4,185
Amounts written off: inventory and debtors	(2,031)	772	(389)
Amounts written off financial assets	0	(106)	(202)
(Profit) loss on sale of fixed assets	(125)	(22)	(654)
Change in provisions	(3,882)	286	(444)
Change in deferred taxes	1,548	1,713	147
Interests expense & non-cash financial items	5,292	3,889	5,428
Total adjustments for non-cash items	**6,912**	**11,777**	**9,073**
(Increase)/decrease in long-term debtors	(21)	3	2
(Increase)/decrease in stock	5,209	4,048	(2,008)
(Increase)/decrease in trade debtors	1,310	3,394	(643)
(Increase)/decrease in other debtors	(3,831)	(2,093)	(1,736)
(Increase)/decrease prepayments and accrued income	(97)	464	(100)
Increase/(decrease) in trade creditors	(2,239)	2,630	(4,645)
Increase/(decrease) in advance payments received	264	239	200
Increase/(decrease) in social security and taxation creditors	2,595	179	518
Increase/(decrease) in other creditors	(822)	(1,685)	(2,556)
Increase/(decrease) in accruals and deferred income	(1,695)	1,940	(876)
Total changes in working capital	**674**	**9,119**	**(11,845)**
Total cash flow from operating activities	**17,570**	**34,541**	**9,038**
Capital expenditure	(7,493)	(9,051)	(11,389)
Proceeds from the sale of fixed assets	2,356	381	1,939
Acquisitions (net of cash acquired)(*)	(8,639)	(29,478)	(6,053)
Total cash flow from investing activities	**(13,776)**	**(38,148)**	**(15,503)**
Issuance of shares	56	3,656	3,300
Dividend paid		(8,368)	(16,664)
New borrowings	46,023	28,937	20,956
Reimbursement of borrowings	(46,733)	(17,090)	0
Interest expense	(5,292)	(3,889)	(5,428)
Total cash flow from financing activities	**(5,946)**	**3,248**	**2,163**
Total net cash flow of the period	**(2,152)**	**(359)**	**(4,302)**
Cash and cash equivalents start of the year	4,707	5,071	9,364
Gains or losses on exchange of liquid assets	23	5	(9)
Cash and cash equivalents end of the year	2,532	4,707	5,071
Change in cash and cash equivalents	**(2,152)**	**(359)**	**(4,302)**

(*) Investments in shareholdings: investments in new shareholdings purchased outside the Group, or purchased from Omega Pharma NV.

E.g. in 2005: (29,478) is mainly the purchases of the Soft companies from Omega Pharma NV by Corilus Wallonie SA.

14.3.4. Combined statement of changes in equity

	Share capital & share premium	Merger reserves	Net assets of the combination	Cumulative translation adjustments	Retained earnings	Total equity
			(€ thousands)			
Balance at 1 January 2004			**105,234**	**0**		**105,234**
Currency translation adjustments				31		31
Profit for the period					13,798	13,798
Capital increases			3,300			3,300
Common control transactions			(6,084)			(6,084)
Business Combinations			2,925			2,925
Dividend to Omega			(16,664)			(16,664)
Balance at 1 January 2005			**88,711**	**31**	**13,798**	**102,540**
Currency translation adjustments				(47)		(47)
Profit for the period					15,063	15,063
Capital increases			5,406			5,406
Common control transactions			(33,037)			(33,037)
Business Combinations			1,310			1,310
Dividend to Omega			(8,368)			(8,368)
Balance at 31 December 2005			**54,022**	**(16)**	**28,861**	**82,867**
Currency translation adjustments				(295)		(295)
Profit for the period					12,123	12,123
Capital increases			93,500			93,500
Common control transactions			(106,034)			(106,034)
Business Combinations			12,721			12,721
Dividend to Omega			0			0
Share Capital of Arseus B.V.	150,746	(96,537)	(54,209)			0
Balance at 31 December 2006	**150,746**	**(96,537)**	**0**	**(311)**	**40,984**	**94,882**

Transactions between the combined entities and entities that are owned by the other entities included in the combined financial statements (further referred to as consolidated entities) result in a number of movements in the combined net assets / equity.

- When the ownership of a combined entity is transferred to an Arseus entity from an Omega Pharma entity, the effect is reflected in the line "Common control transactions"
- When a capital increase in cash is done in a combined entity by a consolidated entity, the increase is off set in the line "Common control transactions"
- When a new entity is added to the combination without being acquired by an Arseus entity, the effect on the net assets is included in the line "Business combinations".

Since as per 31 December 2006, the formalisation of the legal structure of Arseus has been completed and all entities are legally owned by Arseus B.V., the combination becomes a consolidation and the share capital and share premiums shown separately, should equal the share capital and share premium of Arseus B.V. as of that date. This is reflected by the movement during 2006 in the lines "Share Capital & Share Premium". "Net assets of the combination" and the "Merger Reserve" line. The "Merger Reserve" line is a mere off setting line to allow the reclassification whilst not affecting total equity.

14.3.5. Notes to the combined accounts

14.3.5.1 General information

Arseus B.V. (the "Company") and its subsidiaries (together the "Group") are providers of high-added-value products and services to European healthcare professionals and institutions. The Group has activities in eight European countries.

The Company is a limited liability company, making incorporated and domiciled in the Netherlands, having its registered office at 's Gravenweg, 2911 CL Nieuwekerk ad Ijsel, registered in the Dutch Trade Register under number 30064580.

These combined financial statements have been approved for issue by the board of directors on 28 August 2007.

14.3.5.2 Summary of significant accounting policies

The principle accounting policies applied in preparation of these combined financial statements are set out below. These policies have been consistently applied by all combined entities, including subsidiaries, to all the years presented, unless otherwise stated.

a. Basis of preparation

The combined and combined financial statements were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union.

The board of directors of Omega Pharma NV has decided to pursue a separate listing for the B2B division of Omega Pharma NV, being Arseus. It is within that framework that these combined financial statements have been prepared. The separate listing of Arseus constitutes a circumstance in which combined financial statements of commonly controlled companies are more meaningful than their separate statements. The combined financial statements are based on the aggregation of all entities controlled by Omega Pharma that are identified as Arseus entities. The identification is based on the business they operate in.

The combined financial statements are not necessarily representative of the future performance of Arseus Group.

Combination and consolidation

By the end of 2006, the formalisation of the legal structure of the Arseus division of Omega Pharma NV has been completed. This means that Arseus B.V. is the owner of 100% of the shares (directly or indirectly through its' subsidiary) of all legal entities that make up the division. Thus, the 31 December 2006 balance sheet is a consolidated balance sheet.

Over the period 2004 — 2006, but mainly in 2006, the current legal structure was put in place by transferring entities owned by Omega Pharma NV or subsidiaries of Omega Pharma NV to Arseus B.V. or subsidiaries of Arseus B.V. Since all entities were fully owned entities of Omega Pharma and since Arseus B.V. is fully owned by Omega Pharma. These transfers were all transactions under common control. For these transactions under common control an accounting policy using the predecessor values method has been adopted and hence no purchase price allocation was performed The values included in these combined and consolidated financial statements are those that have been determined at the moment Omega Pharma obtained control and started consolidating the related entities.

Since not all entities were legally owned / controlled by Arseus B.V. in the period 2004 — 2006, the financial statements for 2004, 2005 and 2006 are combined financial statements. See note 28 for a list of the combined companies.

Carve-out adjustment

In general, when separate carve-out financial statements needs to be extracted from a larger operating group, a number of adjustments are required because the entity did not actually operate as a separate entity. Examples of such adjustments are:

the allocation cost relating to management functions only available at the larger operating entity level;

the allocation of cost relating to services shared between the lager operating entity and the carve — out entity (e.g. common IT infrastructure);

The combined financial statements of the Arseus Group were carved out from the Omega Pharma consolidated financial statements.

The only significant carve-out adjustment that was identified relates to the financing activity from the Omega Pharma group that was included in a entity belonging to the Arseus Group.

Corilus Wallonie, an entity belonging to the Arseus Group, had a Luxemburg Finance Branch (Firm Establishment) that was used to finance the Arseus business as well as the Omega Pharma business. The finance activity of the not related to the Arseus business has been eliminated from the combined financial statements. The Luxemburg Finance

Branch was wound up prior to 31 December 2006 Arseus is made up of stand — alone legal entities. Except for the carve-out adjustment above no adjustments, such as overhead cost allocations, were deemed necessary.

IFRS developments

The following amendments to existing standards were issued and effective per the end of 2006:

IAS 19 (Amendment): It introduces the option of an alternative recognition approach for actuarial gains and losses. It imposes additional recognition requirements for multi-employer plans. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses at this moment and does not participate in multi-employer plans, adoption of the amendment only impacts the format and extent of the disclosures.

The following new standards were published but were not yet effective per the end of 2006:

IFRS 7 Financial instruments: Disclosures (effective for periods beginning on or after 1 January 2007). Arseus has not yet adopted the above standard and plans to adopt this standard as of calendar year 2007. The adoption of IFRS 7 will not have a material impact on the combined financial statements of Arseus.

The following amendments to, and interpretations of existing standards were effective as per the end of 2006 but not relevant for Arseus:

IAS 21 (Amendment): Net investment in a foreign operation,

IAS 39 (Amendment): Cash flow hedge accounting of forecast intra-group transactions,

IAS 39 (Amendment): The fair value option,

IAS 39 & IFRS 4 (Amendment): Financial guarantee contracts,

IFRS 1 (Amendment): First-time adoption of International Financial Reporting Standards,

IFRS 6 (Amendment): Exploration for and evaluation of mineral resources,

IFRIC 4: Determining whether an arrangement contains a lease,

IFRIC 5: Rights to interest arising from decommissioning, restoration and environmental rehabilitation funds,

IFRIC 6: Liabilities arising from participating in a specific market — waste electrical and electronic equipment,

The following interpretations of existing standards were not yet effective as per the end of 2006 and are not relevant for Arseus:

IFRIC 7: Applying the restatement approach under IAS 29, financial reporting in hyperinflationary economies,

IFRIC 8: Scope of IFRS 2,

IFRIC 9: Reassessment of embedded derivatives,

IFRIC 10: Interim financial reporting and impairment.

Foreign currency translation

Items included in the financial statement of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The combined financial statements are presented in euro, which is the Company's functional and presentation currency. To consolidate the Group and each of its subsidiaries, the financial statements are translated as follows:

- Assets and liabilities at the year-end rate,
- Income statements at the average rate for the year,
- Components of the equity at historical exchange rate.

Exchange differences arising from the translation of the net investment in foreign subsidiaries at the year-end exchange rate are recorded as part of the shareholders' equity under "currency translation differences".

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and

from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when, as from 1 January 2005, hedge accounting in accordance with IAS 32 and IAS 39 is being applied.

Property, plant and equipment

Property, plant and equipment is stated at the acquisition value or production cost, increased with allocated costs where appropriate. Depreciation is calculated pro rata temporis on the basis of the useful life of the asset, in accordance with the following depreciation parameters:

Buildings	25 to 33 years
Plant Machinery and equipment	
Building fixtures and fittings	5 to 25 years
Plant, machinery and equipment	2.5 to 25 years
Computer equipment, software	2.5 to 5 years
Office equipment	2.5 to 5 years
Furniture & vehicles	2.5 to 5 years
Other tangible fixed assets	2 to 4 years

The fixed assets are depreciated on a straight-line basis.

Residual values are reviewed annually. Assets acquired under finance leasing arrangements are depreciated over the economical life time, which may exceed the lease term if it is reasonably certain that the ownership will be obtained at the end of the lease term.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are never reversed. Gains and losses on the disposal of an entity or a business include the carrying amount of goodwill allocated to the entity or the business sold, taking into account migration, of goodwill.

Brands, licenses, patents, software and other

Intangible assets are capitalised at cost, provided this is not higher than the economic value provided and the cost does not exceed the recoverable amount. No intangible assets with an indefinite useful life have been identified. The costs of brands with a definite useful life are capitalised and generally amortised on a straight line basis over a period of 20 years.

Research and development

Research costs related to the prospect of gaining new scientific or technological knowledge and understanding are expensed as incurred.

Development costs are defined as costs incurred for the design of new or substantially improved products and for the processes prior to commercial production or use. They are capitalised if, amongst others, the following criteria are met:

- There is a market for selling the product,
- The economic benefits for the Company will increase when selling the developed asset,
- It is possible to prove the accumulated cost of the development.

Development costs are amortised using a straight-line method over the period of their expected benefit, currently not exceeding five years.

Software

Acquired software is capitalised at costs and measured subsequently at cost less accumulated amortisation and impairment losses.

Internally generated unique software controlled by the Group; that is expected to generate future economic benefits, is capitalised at the cost directly associated with the production. The software is amortised over its useful life, currently estimated between 2.5 and 5 years.

Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available for sale financial assets. Until 1 January 2005, financial assets were accounted for based on Belgian GAAP, under which loans and receivables were recognised at amortised cost and available for sale financial assets were recognised at cost. Impairment losses were recognisedwhen the net book value exceeds the recoverable amount of the asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Loans and receivables are carried at cost using the effective interest method.

Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available for sale financial assets are at initial recognition measured at fair value unless the fair value cannot be reliably determined, in which case they are measured at cost. Unrealised gains and losses arising from changes in the fair value are recognised in equity. When the related assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as gain and losses.

Currently, the available for sale financial assets comprise only investments in shares that do not have quoted markets and for which the fair value cannot be determined reliably. Hence, they are carried at cost.

Any events or changes in circumstances that might indicate a decrease in the recoverable amount are considered carefully. Impairment losses are recognised in the income statement as deemed necessary.

Leases — Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Expenses relating to the operating leases are recognised on a straight line basis over the term of the operating lease.

Leases — Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance lease.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

The corresponding rental obligations, net of finance charges, are included in the non-current (payable after 1 year) and current (payable within 1 year) borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the useful life of the asset, which may exceed the lease term if it is reasonably certain that the ownership will be obtained at the end of the lease term.

Inventories

Raw materials, consumables and goods for resale are stated at the lower of acquisition value using the FIFO method or net realisable value (further NRV) on the balance-sheet date. Work in progress and finished products are valued at production cost, which, in addition to the purchase cost of raw materials, consumption goods and consumables, also includes those production costs that are directly attributable to the individual product or product group and related production overhead.

Trade receivables

Receivables are initially valued at fair value. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and are measured at fair value on acquisition and subsequently stated at cost. Adjustments to the carrying amounts are made when the realisation value on the balance sheet date is lower than the carrying amount.

Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (Treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Provisions

Provisions for restructuring costs, legal claims, the risk of losses or costs which might arise from obligations to purchase or sell fixed assets, from the fulfilment of completed or received orders, technical guarantees associated with sales or services already completed by the Company, unresolved disputes, including taxes, or compensation for dismissal are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and is adjusted for circumstances specific for the liability.

Employee benefits

Pension obligations

Group companies operate various pension schemes. The schemes are funded through payments to insurance companies, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs, The defined benefit obligation is calculated periodically by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are spread to income over the employees' expected average remaining working lives. For defined contribution plans, the Group pays contributions to pension insurance plans. The Group has no further payment obligations once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the income statement when incurred.

Income taxes

Income taxes on the results for the financial year include current income tax and deferred taxes. Current income taxes include the expected tax liabilities on the Company's taxable income for the financial year, based on the tax rates applicable on the balance sheet date, and any tax adjustments of previous years.

Deferred income taxes are recorded according to the "liability" method and are calculated on temporary differences between the carrying amount and the tax basis. This method is applied to all temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseen future. The calculation is based on the tax rates that are enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. According to this calculation method, the Group is also required to account for deferred taxes relating to the difference between the fair value of the net acquired assets and their tax base resulting from acquisitions, if any.

Deferred income tax assets have been accounted for to the extent that it is probable that the tax losses carried forward will be utilised in the foreseeable future. Deferred income tax assets are written down when it is no longer probable that the corresponding tax benefit will be realised.

Revenue recognition

Sales of goods are recognised when a Group entity has delivered products to the customer; the customer has accepted the products; and collectibility of the related receivables is reasonably assured. Sales of services are recognised in the accounting period in which the services are rendered. The sales of 'off-the-shelf' software package are recognised as revenue upon delivery. The income relating to the software maintenance contracts is recognised over the term of the contract.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Refer to 14.3.5.5 for a description of the groups' segments.

Dividend distribution

Dividend distribution to the Company's Shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's Shareholders.

14.3.5.3 Risk factors

Acquisitions could have a material adverse effect on the business of Arseus

Since its IPO in 1998, Omega Pharma has acquired multiple companies in the professional healthcare market. Acquisitions have been and are likely to remain an important part of Arseus's growth strategy. Given this acquisitive strategy, there is a risk that corporate cultures do not match, expected synergies are not fully realised, restructurings prove to be more costly than initially anticipated or acquired companies prove to be more difficult to integrate than foreseen.

Furthermore, as Arseus grows through acquisitions, it may have to recruit additional personnel and improve its managerial, operational and financial systems. If Arseus fails to address these challenges, this could adversely impact its business operations, financial position, prospects and/or operational results.

Given the importance of its buy-and-build strategy, the absence of any acceptable targets or the refusal of certain identified targets to dispose of their business and to consequently transfer them to Arseus, would have an adverse effect on Arseus's business operations, financial position and/or operational results. Additionally, Arseus might experience competition in acquiring companies from its competitors that also aim to acquire the same companies. This competition might increase the prices Arseus has to pay for such acquisitions and might thus have an impact on Arseus's financial position and/or operational results.

Arseus's buy-and-build strategy requires in many cases subsequent restructurings in order to align the acquired companies within the Arseus group. Arseus or its affiliated companies have not applied for official tax rulings in relation to its restructurings or transactions entered into in connection with or prior to the completion of restructurings and may not apply for such tax rulings in the future. As the tax statute of limitations has not yet expired, the tax authorities can still investigate these restructurings. There is no guarantee that such investigations will be without negative financial effect on the Issuer and its affiliated companies.

Inventory related risks could have a material adverse effect on the business of Arseus

Distributors of healthcare products generally bear the responsibility for the saleability of their inventories. Given that Arseus imports and stores a very large number of product items, including products having a short storage life as well as technical equipment and supplies, the emergence of a disruptive technology, a sudden change in market prices or a change in customer preferences may lead to the need to write down part of the inventory. An inventory-related risk of this kind might have an adverse effect on Arseus's business operations, financial position and/or operational results.

Changes in legal and regulatory frameworks governing Arseus's operations could have a material adverse effect on the business of Arseus

The professional healthcare sector is subject to close regulatory control on both a national and European level. Although Arseus has well-defined operational rules and principles to ensure that regulations of the national and European authorities are observed, risks connected with the legislation in force or the regulatory regime, should they materialise, might have an adverse effect on Arseus's business operations, prospects, financial position and/or operational results.

Although Arseus does not believe governmental regulation has had an adverse effect on its business operations, prospects, financial position and/or operational results to date, it is possible that, if regulations governing the operations of Arseus, or of its key suppliers, it will experience the effects of increased or modified regulation in the future.

Arseus's pharmaceutical compounding business is highly dependent on the ability of pharmacists in the European Union to compound and dispense pharmaceutical products without those products being subject to regulatory approval. If regulations changed to hinder or disallow these activities by pharmacists, Arseus's business operations, financial position, prospects and/or operational results could be materially adversely affected.

Changes in governments', authorities', insurers' and other parties' reimbursement policies could have a material adverse effect on the business of Arseus

The commercial success of Arseus's business depends, in part, on the extent to which reimbursement for its products is available from government and health administration authorities, private health insurers and other third-party payers in countries where the products are marketed.

Significant uncertainties exist regarding the reimbursement status of newly compounded products and novel medical equipment. Reimbursement levels for compounded products may be reduced given the increasing pressure from governments and other third-party payers to limit healthcare expenditure. If any such reductions in reimbursement levels materialise, they could have a materially adverse effect on Arseus's business operations, financial position, prospects and/or operational results.

Market price fluctuations could have a material adverse effect on the business of Arseus

The future profitability of Arseus is determined in part by the purchase prices for raw materials, components, investment goods and for operating expenses such as transportation costs, as well as by the selling prices that it is able to achieve for its products and services. A material fluctuation of the market prices of any such items may have a materially adverse effect on Arseus's business operations, financial position, prospects and/or operational results.

Arseus is reliant on third parties for its further development

Arseus relies on current and future relationships with its customers and suppliers, sometimes on an exclusive basis, for the growth of its business and will therefore continue to be reliant on third parties for its further development. There can be no assurance that Arseus will be able to maintain and/or secure such partnerships due to operational, legal, regulatory or other reasons, or that Arseus's partners will continue to commit sufficient resources to achieve commercial success. There is no guarantee that Arseus would be able to replace any material customer or supplier in a timely manner, or at all, in the event any of these relationships are discontinued or terminated. The loss of such relationships, especially to competitors, may materially adversely affect the business operations, financial position, prospects and/or operational results of Arseus.

The diversity of its activities could have a material adverse effect on the business of Arseus

Arseus's activities are diversified at numerous levels: geographically, by activity, with regard to degree of innovation, and with respect to target customer groups.

The current main activities of Arseus are set out in Chapter 6. These diverse activities are performed by the respective subsidiaries of the Group and consequently the financial results of the business units can differ to a material degree, which may have an effect on the combined results of Arseus. The diversity of Arseus's activities may disperse the attention of the Executive Committee in a manner that results in Arseus missing and/or failing to act on key market trends, technological changes and other factors that could impact the performance of the business.

Failure to attract and retain skilled personnel and management could have a material adverse effect on the business of Arseus

Arseus's success will largely depend on its ability to attract and retain skilled personnel and management with a strong knowledge of, and affinity to, the professional healthcare market. Arseus operates in a competitive employment market and there can thus be no assurance that it will be able to retain its key personnel. Arseus's success will also continue to depend on its ability to retain Gerardus van Jeveren, Jan Peeters and Frank Verbakel, and other key personnel with a broad experience in the professional healthcare market and a strong dedication to the realisation of Arseus's strategy. The failure to retain these individuals could materially adversely affect Arseus's business operations, financial position, prospects and/or operational results.

Product liability claims involving products manufactured or serviced by Arseus could have a material adverse effect on its business

Arseus's pharmaceutical compounding business is subject to potential product liability risks that are inherent in the manufacture, distribution and dispensing of pharmaceutical products. The Group's pharmaceutical raw material products carry potential product liability related to their quality and labelling. The Group's compounded pharmaceutical products are not subject to regulatory approval prior to marketing and have not had to satisfy any regulatory requirements demonstrating their safety for use in humans.

Arseus's dental and orthopaedic manufacturing business is subject to potential product liability risks that are inherent in the design, development, manufacture and marketing of medical devices. These products are often used in surgical settings and some of these products are designed to be implanted in the human body for long periods of time.

Arseus provides maintenance and repair services for medical and dental equipment. If a product maintained or serviced by Arseus should break or fail causing injury, Arseus could be subject to a liability claim.

It cannot be guaranteed that it will not be subject to any such claims in the future. If Arseus's product liability insurance coverage is insufficient to cover any successful such product liability claims, its business operations, financial position, prospects and/or operational results could be adversely affected.

Product liability and equipment delivery could have a material adverse effect on the business of Arseus

Arseus's operations involve product liability because Arseus markets a number of products under its own trademarks in its area of operations and/or outsources the manufacturing of these products as a brand owner. In addition, Arseus imports products from outside the EU area. In supplying equipment, the equipment is delivered to the customer, installed ready for operation, and as a rule Arseus is responsible for carrying out the installation work. By working in collaboration with customers and suppliers, Arseus seeks to avoid the risks connected with these functions. Compared to the volume of goods delivered by Arseus, the risk is comparatively minor. There can, however, be no guarantees that if risks connected with product liability and equipment deliveries materialise, this might not have an adverse effect on Arseus's business operations, financial position, prospects and/or operational results.

The operational involvement of the Executive Committee could have a material adverse effect on the business of Arseus

Besides the management of Arseus, the members of the Executive Committee have large operational responsibilities. The operational responsibilities of the Executive Committee may distract from their executive management responsibilities relating to determining the broader strategic direction of Arseus. This could materially adversely affects Arseus's business, operations, financial position, prospects and/or operational results of Arseus.

Disturbances in its information systems could have a material adverse effect on the business of Arseus

Information systems are a central part of Arseus's business operations and the distribution and logistics services if offers. The failure of Arseus's information systems through breakdown, malicious attacks, viruses or other factors, could severely impair several aspects of operations including, but not limited to, logistics, sales, customer service and administration. Any such failure related to the operation of information systems, may have an adverse effect on Arseus's business operations, financial position, prospects and/or operational results.

Unauthorised third party uses of Arseus's intellectual property could have a material adverse effect on the business

Arseus relies on a combination of trade marks, trade names, confidentiality and non-disclosure clauses and agreements and copyrights to define and protect its right to the intellectual property in its products. Arseus's trademarks and brands are important factors in determining its marketing position and competitiveness. It is therefore of great importance that Arseus is able to continue using these brands and trademarks in the future and that it adequately protects all valuable intellectual property by keeping trade secrets or applying legal devices such as trademark and patent registrations.

In the event that the above devices fail to fully protect Arseus's intellectual property rights in any of its key markets, third parties (including competition) may be able to commercialise its innovations or products or use its know-how and adversely impact Arseus's business operations, financial position, prospects and/or operational results.

The potential infringement of the patents or intellectual property rights of others could have a material adverse effect on the business of Arseus

Arseus's success will depend in part on its ability to operate without infringing on, or misappropriating the proprietary rights of others. Arseus cannot guarantee that, unintentionally, its activities, or those of its licensors, will not occasionally infringe on the patents owned by others. Arseus may spend significant time and effort and may incur litigation costs if it is required to defend itself against intellectual property rights suits brought against Arseus or its licensors regardless of whether the claims have any merit. If Arseus is found to infringe on the patents or other intellectual property rights of others, it may be subject to substantial claims for damages, which could materially impact the Group's cash flow, business operations, and financial position, prospects and/or operational results. The Group may also be required to cease development, use or sale of the relevant product or process or it may be required to obtain a license on the disputed rights, which may not be available on commercially reasonable terms, if at all.

Arseus operates in highly competitive markets

The professional healthcare market is characterised by strong competition, which is further influenced by an increasing consolidation trend. Arseus competes with other companies based on several factors, including knowledge of and access to these new technologies, the ability to introduce and implement new products with enhanced functionality, the completeness and/or connectivity of solutions offered, reputation and vision, geographic presence, distribution network strength and pricing. Arseus's success depends on its ability to establish a competitive position with respect to all these factors. There can be no assurance that Arseus's competitors will not succeed in developing and introducing a distribution network that is less costly or more efficient than Arseus's, or that customers will not prefer solutions, technologies or products offered by Arseus's competitors.

It is important for Arseus to keep abreast of technological developments

Rapid technological progress and complexity characterise the professional healthcare market. The industry is strongly influenced by the introduction of new technologies. Arseus's success depends on its ability to introduce and implement new products with enhanced functionality. If Arseus fails to develop and introduce new technologies or products, its business operations, financial position, prospects and/or operational results could be materially adversely affected.

Changes in strategy of market participants could have a material adverse effect on the business of Arseus

It is possible that Arseus's contracting parties, customers and other market participants may change their operational model in a way that affects Arseus's operations. Such changes can be, for example, a decision by contracting parties to take over the sales and distribution of a product, or wider cooperation or consolidation among customers such as hospitals with concomitant effects on purchasing behaviour. A further risk is the possibility that present customers may decide to backward integrate along the value chain, thereby competing directly with Arseus and reducing their demand for Arseus's products. Similarly, new competitors may enter the market. There are no guarantees that changes in the strategy of market participants might not have a material adverse effect on Arseus's business operations, financial position, prospects and/or operational results.

Increased competition and consolidation in the healthcare equipment sector could have a material adverse effect on the business of Arseus

Over the past years, the healthcare equipment sector has undergone significant consolidation and the largest companies have gained a greater share of the overall market. This has an impact on the operations of healthcare distributors as it increases their dependency on individual manufacturers and often leads to a decrease in distribution profit margins. This consolidation and the resulting increased competition may have a material adverse effect on Arseus's business operations, financial position, prospects and/or operational results.

Changes in commercial success or acceptance of its products could have a material adverse effect on the business of Arseus

Arseus's products are targeted at conditions for which a number of marketed products already exist and where other companies also have new products in development. Arseus's products may experience competition from the products of other companies that have greater research, development, marketing, financial and/or human resources than Arseus.

Market acceptance of Arseus's products will largely depend on its ability to demonstrate their relative safety, efficacy, cost-effectiveness and/or ease of use, and the level of customer service provided. There is no guarantee that the Group's products and services will achieve the level of commercial success envisaged. In the event that such success is not achieved, there could be a material adverse effect on the Group's business operations, financial position, prospectus and/or operational results.

Inadequate pace of innovation within Arseus could have a material adverse effect on its business

Arseus depends on a regular flow of innovative ideas to create novel products and services that enable it to grow and maintain sales and market share in its markets. In the event that Arseus is unable to maintain a high pace of innovation and thereby fails to create the innovative solutions required to meet the needs of the professional healthcare market, its business operations, financial position, prospects and/or operational results could be, materially adversely affected.

Changes in the awareness of its brands could have a material adverse effect on the business of Arseus

An important part of Arseus's strategy is to continue to establish a clear and consistent brand identity for all its markets. Establishing and strengthening its brands will depend on its success in providing high-quality products and services that are favourably received by its customers.

If Arseus fails to increase awareness of its brands or strengthen its reputation for providing high-quality products and services, or any other factor negatively affects its reputation or its brand image, its business operations, financial position, prospects and/or operational results could be materially adversely affected.

The cyclical nature and seasonality of the business operations could have a material adverse effect on the business of Arseus, its financial position and/or its operational results

The business operations, financial position and/or operational results of Arseus can fluctuate from year to year and from quarter to quarter. To some extent, the purchase decision for investment goods, often involving relatively large sums of money for the customers, is related to the general economic climate. The introduction of new government measures in the field of healthcare reimbursement may also affect the timing of customers' purchase decision. For dental equipment in particular, experience has demonstrated a seasonal effect, with purchase decisions skewed towards the fourth quarter within any given year, and even more highly skewed towards the fourth quarter in every second year, as major dental trade fairs are scheduled in this quarter on a biannual basis. Since the purchase decisions for dental and medical equipment are often the result of a tender procedure, the exact timing of such purchase decisions is not always evenly spread across individual reporting quarters.

Specific economic developments and events, both on a micro and a macro level, may significantly impact the business operations, financial position, prospects and/or operational results of the Group.

Uncertainty of market projections could have a material adverse effect on the business of Arseus

The Group makes use of professional and independent market research for forecasting future technological developments as well as for forecasting the evolution of supply and demand for its products and services and the price evolution of the market. Based on this information, and on its knowledge of the market, an estimate is made based on which appropriate business plans for the Group are developed. To the extent that the prognoses included in the business plans do not materialise, this could have a material adverse effect on the Group's business operations, financial position, prospects and/or operational results.

Changes in the environmental and safety regulations governing Arseus's operations, could have a material adverse effect on Arseus's business

The Group's operations are subject to environmental and safety laws and regulations, including those governing the use of hazardous materials. The cost of compliance with these and similar future regulations could be substantial.

14.3.5.4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

b. Estimated impairment of goodwill and intangible assets

Arseus tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 7 (also see Section 14.3.5.7). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The cattying amount of goodwill at 31 December 2006 amounts to 136,409 (thousand) euro.

c. Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the expected long-term rate of return on the relevant plans assets and the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The defined benefit obligation is calculated periodically by independent actuaries. The carrying amount of pension obligations at 31 December 2006 amounts to 2,349 (thousand) euro.

d. Provisions for litigations

As mentioned, provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the balance sheet date. Specifically when provisions are set up to cover litigations, the final outcome of administrative or court rulings require significant judgment. Estimates are always made taking into account all available information at the moment of establishing the financial statements, this however cannot circumvent that significant adjustments might be required if ruling deviate from the expected rulings.

14.3.5.5 Segment information

a. Primary reporting format — business segments

Arseus is organised into four main business segments:

1. *Fagron* — provides products and services for pharmaceutical compounding to pharmacies and pharmaceutical wholesalers. Fagron offers instruments and equipment 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 specialty 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 year ended 31 December 2006, 31 December 2005 and 31 December 2004 are as follows:

31/12/2006	Fagron	Arseus dental	Arseus medical	Corilus	Unallocated	Total
			(€ thousands)			
Total turnover	96,760	107,669	47,432	25,347		277,208
Inter segment turnover	(28)	(44)	(153)	(12)		(237)
Turnover	**96,732**	**107,625**	**47,279**	**25,335**	**0**	**276,971**
Operating profit/segment result	**14,316**	**5,240**	**698**	**2,767**	**(2,901)**	**20,120**
Financial result						(5,508)
Profit before tax						**14,612**
Income tax						(2,489)
Profit of the period						**12,123**

31/12/2005	Fagron	Arseus dental	Arseus medical	Corilus	Unallocated	Total
			(€ thousands)			
Total turnover	98,223	99,833	59,011	27,623		284,690
Inter segment turnover	(20)	(772)	(634)	(16)		(1,442)
Turnover	**98,203**	**99,061**	**58,377**	**27,607**	**0**	**283,248**
Operating profit/segment result	**14,048**	**5,705**	**771**	**5,317**	**(2,035)**	**23,806**
Financial result						(3,999)
Profit before tax						**19,807**
Income tax						(4,744)
Profit of the period						**15,063**

31/12/2004	Fagron	Arseus dental	Arseus medical	Corilus	Unallocated	Total
			(€ thousands)			
Total turnover	92,533	109,670	56,986	26,975		286,164
Inter segment turnover	(11)	(2,223)	(603)	(43)		(2,880)
Turnover	**92,522**	**107,447**	**56,383**	**26,932**	**0**	**283,284**
Operating profit/segment result	**14,578**	**5,551**	**2,872**	**4,037**	**(1,166)**	**25,872**
Financial result						(5,228)
Profit before tax						**20,644**
Income tax						(6,846)
Profit of the period						**13,798**

Other segment items included in the income statement are as follows:

31/12/2006	Fagron	Arseus dental	Arseus medical	Corilus	Unallocated	Total
			(€ thousands)			
Depreciation and amortization	1,635	1,853	451	1,924	243	6,106
Write-down on inventories	(85)	823	(77)	52		713
Write-down on receivables	7	44	(88)	166		129
Increase/decrease in provisions	34	(1,292)	(428)	0		(1,686)

31/12/2005	Fagron	Arseus dental	Arseus medical	Corilus	Unallocated	Total
			(€ thousands)			
Depreciation and amortization	1,744	1,506	530	1,445		5,225
Write-down on inventories	(49)	(52)	(76)	45		(132)
Write-down on receivables	10	(43)	(23)	(24)		(80)
Increase/decrease in provisions	(74)	(1,146)	310	(165)		(1,075)

31/12/2004	Fagron	Arseus Dental	Arseus Medical	Corilus	Unallocated	Total
				(€ thousands)		
Depreciation and amortization	2,036	1,321	523	1,306		5,186
Write-down on inventories	78	41	(755)	75		(561)
Write-down on receivables	76	(30)	16	(70)		(8)
Increase/decrease in provisions	96	(165)	(68)	(283)		(420)

The segment assets and liabilities at 31 December 2006 and capital expenditure for the year then ended are as follows:

31/12/2006	Fagron	Arseus dental	Arseus medical	Corilus	Total
			(€ thousands)		
Total assets	93,844	104,720	46,926	39,967	285,458
Total liabilities	66,689	51,561	20,445	51,881	190,576
Capital expenditure	1,051	14,548	231	3,223	19,053

The segment assets and liabilities at 31 December 2005 and capital expenditure for the year then ended are as follows:

31/12/2005	Fagron	Arseus dental	Arseus medical	Corilus	Total
			(€ thousands)		
Total assets	96,260	86,230	48,782	40,767	272,038
Total liabilities	25,744	38,485	22,416	102,526	189,171
Capital expenditure	1,804	2,536	587	6,724	11,650

The segment assets and liabilities at 31 December 2004 and capital expenditure for the year then ended are as follows:

31/12/2004	Fagron	Arseus dental	Arseus medical	Corilus	Total
			(€ thousands)		
Total assets	101,000	85,370	49,905	36,919	273,194
Total liabilities	34,136	56,008	44,007	36,503	170,654
Capital expenditure	8,175	3,261	147	3,234	14,816

b. Secondary reporting segment — geographical segments

In 2006 Arseus was active in six countries in Europe.

Results per geographical segment per 31 December 2006:

	Sales	Total assets	Capital expenditure
		(€ thousands)	
Belgium	121,679	132,098	3,984
The Netherlands	88,873	80,425	1,540
France	12,240	17,505	6,481
Germany	37,798	30,841	506
Spain	6,365	7,694	17
Switzerland	10,016	16,895	6,525
	276,971	**285,458**	**19,053**

Results per geographical segment per 31 December 2005:

	Sales	Total assets	Capital expenditure
		(€ thousands)	
Belgium	139,021	144,992	6,644
The Netherlands	87,679	73,486	2,020
France	8,331	6,311	233
Germany	35,337	30,291	1,246
Spain	5,973	7,893	54
Switzerland	6,907	9,065	1,453
	283,248	**272,038**	**11,650**

Results per geographical segment per 31 December 2004:

	Sales	Total assets	Capital expenditure
		(€ thousands)	
Belgium	143,627	150,100	3,548
The Netherlands	84,152	74,913	6,436
France	9,980	5,329	177
Germany	34,401	29,425	4,092
Spain	5,674	7,525	95
Switzerland	5,450	5,872	468
	283,284	**273,194**	**14,816**

14.3.5.6 Property, plant and equipment

	Land & buildings	Plant machinery & equipment	Furniture & vehicles	Leasing & other similar rights	Other tangible assets	Assets under constr, & down payments	Total
Balance at 1 January 2004							
Cost	8,967	8,272	12,333	2,954	5,059	43	37,628
Accumulated depreciation	(2,671)	(5,277)	(9,480)	(1,587)	(3,648)	—	(22,663)
Net book value	6,296	2,995	2,853	1,366	1,411	43	14,965
Year ended 31 December 2004							
Opening net book value	6,296	2,995	2,853	1,366	1,411	43	14,965
Exchange differences cost	12	8	1	7	—	—	28
Additions							
Internal development	—	1	—	—	—	—	1
From thirds	2,166	701	2,470	856	215	536	6,943
Through business combinations	(8)	(358)	175	(18)	(212)	—	(421)
Disposals	(322)	(330)	(1,751)	(228)	(1,689)	(562)	(4,881)
Transfers cost	(211)	173	53	340	(15)	(15)	325
Exchange differences amortisations	(6)	—	(1)	(1)	—	—	(8)
Depreciation charge							
Depreciations of the year	(655)	(1,100)	(1,480)	(456)	(494)	—	(4,185)
Through business combinations						—	—
Depreciations of disposals	218	360	1,553	156	1,306	—	3,592
Transfers depreciation charge	(3)	—	27	(224)	126	—	(74)
Closing net book value	7,487	2,450	3,900	1,799	648	3	16,287
Balance at 1 December 2004							
Cost	10,604	8,467	13,281	3,911	3,358	3	39,623
Accumulated depreciation	(3,117)	(6,017)	(9,381)	(2,112)	(2,710)	—	(23,337)
Net book value	7,487	2,450	3,900	1,799	648	3	16,287

	Land & buildings	Plant machinery & equipment	Furniture & vehicles	Leasing & other similar rights	Other tangible assets	Assets under constr, & down payments	Total
Year ended 31 December 2005							
Opening net book value	7,487	2,450	3,900	1,799	648	3	16,287
Exchange differences cost	(11)	9	(1)	(17)	—	—	(38)
Additions							
Internal development	—	—	—	—	—	—	—
From thirds	379	792	1,492	998	299	—	3,959
Through business combinations	135	9	16	6	—	—	166
Disposals	(3)	(488)	(1,671)	(92)	(155)	(3)	(2,411)
Transfers cost	—	(53)	18	(25)	20	—	(40)
Exchange differences depreciations	6	4	—	4	—	—	14
Depreciation charge							
Depreciations of the year	(324)	(879)	(1,506)	(336)	(204)	(3)	(3,251)
Through business combinations						—	—
Depreciations of disposals	—	436	1,507	78	87	3	2,111
Transfers amortisation charge	—	69	(28)	(5)	12	—	48
Closing net book value	7,669	2,331	3,727	2,410	707	0	16,844
Balance at 1 December 2005							
Cost	11,104	8,718	13,135	4,781	3,521	0	41,259
Accumulated depreciation	(3,435)	6,387	(9,408)	(2,371)	(2,814)	—	(24,415)
Net book value	7,669	2,331	3,727	2,410	707	0	16,844
Year ended 31 December 2006							
Opening net book value	7,669	2,331	3,727	2,410	707	0	16,844
Exchange differences cost	(46)	(45)	(3)	(98)	—	—	(192)
Additions							
Internal development	—	—	—	—	—	—	—
From thirds	193	302	1,340	754	59	531	3,179
Through business combinations	2	227	8	—	(22)	—	215
Disposals	(1,021)	(486)	(1,189)	(131)	(165)	—	(2,992)
Transfers cost	—	(117)	(64)	—	(7)	—	(188)
Exchange differences depreciations	26	24	2	24	—	—	76
Depreciation charge							
Depreciations of the year	(356)	(840)	(1,642)	(368)	(224)	—	(3,430)
Through business combinations						—	—
Depreciations of disposals	1,021	512	1,130	110	150	—	2,923
Transfers amortisation charge	—	38	(81)	—	5	—	(38)
Closing net book value	7,488	1,946	3,228	2,701	503	531	16,397
Balance at 1 December 2006							
Cost	10,232	8,599	13,227	5,306	3,386	531	41,281
Accumulated Depreciation	(2,744)	(6,653)	(9,999)	(2,605)	2,883	—	(24,884)
Net book value	7,488	1,946	3,228	2,701	503	531	16,397

14.3.5.7 Intangible assets

	Good-will	Develop-ment	Concess-ions & patents	Brands	Software	Other	Total
Balance at 1 January 2004							
Cost	118,310	1,052	993	122	1,830	72	122,379
Accumulated amortisation	—	(165)	(261)	(112)	1,149	(44)	(1,731)
Net book value	118,310	887	732	10	681	28	120,648
Year ended 31 December 2004	118,310	887	732	10	681	28	120,648
Opening net book value	—	—	—	—	—	—	—
Exchange differences cost							
Additions							
Internal development	—	85	—	—	25	—	110
From thirds	919	596	751	—	1,801	22	4,089
Through business combinations	3,962	—	—	—	109	23	4,094
Disposals	—	—	—	—	(47)	—	(47)
Transfers cost	—	19	94	—	165	(23)	255
Exchange differences amortisations	—	—	—	—	—	—	—
Amortisation charge							
Amortisations of the year	—	(318)	(117)	(2)	(541)	(23)	(1,001)
Through business combinations	—	—	—	—	(133)	—	(133)
Amortisations of disposals	—	—	—	—	45	—	45
Transfers amortisation charge	—	65	(68)	—	(33)	—	(36)
Closing net book value	123,191	1,334	1,392	8	2,072	27	128,024
Balance at 1 December 2004							
Cost	123,191	1,752	1,838	122	3,883	94	130,880
Accumulated amortisation	—	(418)	(446)	(114)	(1,811)	(67)	(2,856)
Net book value	123,191	1,334	1,392	8	2,072	27	128,024
Year ended 31 December 2005							
Opening net book value	123,191	1,334	1,392	8	2,072	27	128,024
Exchange differences cost	—	(1)	—	—	—	—	(1)
Additions							
Internal development	—	2,989	—	—	—	—	2,989
From thirds	8	350	517	—	1,026	—	1,901
Through business combinations	1,709	—	—	—	926	—	2,635
Disposals	—	—	(50)	—	(311)	—	(361)
Transfers cost	(24)	72	(143)	—	131	(72)	(36)
Exchange differences amortisations	—	—	—	—	—	—	—
Amortisation charge						—	
Amortisations of the year	—	(816)	(298)	(2)	(857)	(1)	(1,974)
Through business combinations	—	—	—	—	(926)	—	(926)
Amortisations of disposals	—	—	50	—	301	—	351
Transfers amortisation charge	—	(68)	43	—	(35)	68	8
Closing net book value	124,884	3,860	1,511	6	2,327	22	132,610
Balance at 1 December 2005							
Cost	124,884	5,162	2,162	122	5,655	22	138,007
Accumulated amortisation	—	(1,302)	(651)	(116)	(3,328)	—	(5,397)
Net book value	124,884	3,860	1,511	6	2,327	22	132,610
Year ended 31 December 2006							
Opening net book value	124,884	3,860	1,511	6	2,327	22	132,610
Exchange differences cost	—	(15)	—	—	(1)	—	(16)

	Good-will	Develop-ment	Concess-ions & patents	Brands	Software	Other	Total
Additions							
Internal development	49	2,742	—	—	—	—	2,791
From thirds	—	346	109	46	893	—	1,394
Through business combinations	11,465	—	9	—	—	—	11,474
Disposals	—	—	(15)	—	(18)	—	(33)
Transfers cost	—	(298)	311	—	112	—	125
Exchange differences amortisations	—	4	—	—	1	—	5
Amortisation charge							
Amortisations of the year	—	(1,238)	(422)	(1)	(1,008)	(7)	(2,676)
Through business combinations	—	—	(8)	—	—	—	(8)
Amortisations of disposals	—	—	15	—	16	—	31
Transfers amortisation charge	—	133	(132)	—	(53)	—	(52)
Closing net book value	136,398	5,534	1,378	51	2,269	15	145,645
Balance at 1 December 2006							
Cost	136,398	7,937	2,576	168	6,641	22	153,742
Accumulated amortisation	—	(2,403)	(1,198)	(117)	(4,372)		(8,097)
Net book value	136,398	5,534	1,378	51	2,269	22	145,645

a. Goodwill

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Impairment tests for goodwill

Goodwill is allocated to the Arseus's cash-generating units (CGUs) identified as the four business units of Arseus, being Fagron, Corilus, Arseus Dental and Arseus Medical.

A summary of the goodwill allocation per business unit is presented below (in million euro).

Business unit	2006	2005	2004
Fagron	50.37	50.37	50.37
Arseus Dental	40.99	29.53	29.57
Arseus Medical	25.43	25.43	25.43
Corilus	19.61	19.55	17.82
Total	**136.40**	**124.88**	**123.19**

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections with a five-year forecast horizon. Year one of the forecast utilise management's actual budget for the coming period. For year two till five conservative compounded annual 4-year growth rates are applied while using the budgeted gross margin.

Besides these rates, the model includes a number of assumptions, such as the rate of perpetual growth and a pre-tax discount rate. An overview of the key assumptions for the value-in-use calculations is stated below, Management determined gross margin and growth rates based on past performance and its expectations for the market development. Perpetual growth rates are used to determine the terminal value.

	Autonomous 5 year-growth (%)		Perpetual growth rate (%)		Gross margin (%)		Discount rate (%)	
	2006	2005	2006	2005	2006	2005	2006	2005
Fagron	5	5	1	1	51.00	50.19	10.58	10.65
Arseus Dental	3	3	1.5	1.5	41.47	40.71	8.41	8.80
Arseus Medical	3	3	4	4	35.28	34.07	8.45	8.80
Corilus	5	7	1.5	1.5	79.17	79.75	9.50	9.77

The value per CGU as per said value-in-use calculations is compared with the net book value of the fixed assets of CGU concerned. For all CGUs, the value-in-use exceeds the net book value, as a consequence of which no goodwill is to be impaired for 2006.

14.3.5.8 Financial assets

	Investments	Long term debtors	Total
Balance at 1 January 2004	**2,050**	**577**	**2,627**
Additions	158	193	351
Transfers and disposals		(3)	(3)
Reimbursements		(99)	(99)
Gains or losses on exchange			0
Other			0
Balance at 31 December 2004	**2,208**	**668**	**2,876**
Additions		187	187
Transfers and disposals	(13)	(29)	(42)
Reimbursements		(199)	(199)
Gains or losses on exchange			0
Other			0
Balance at 31 December 2005	**2,195**	**627**	**2,822**
Additions		168	168
Transfers and disposals	(1,940)	(5)	(1,945)
Reimbursements		(123)	(123)
Gains or losses on exchange			0
Other			0
Balance at 31 December 2006	**255**	**667**	**922**

All long term debtors are due within five years from the balance sheet date,

14.3.5.9 Trade and other receivables

	31.12.2006	31.12.2005	31.12.2004
Trade receivables	52,682	51,250	54,680
Provisions for impairment of receivables	(3,923)	(3,072)	(-3,144)
Trade receivables — net	**48,759**	**48,178**	**51,536**
Other receivables	**11,093**	**7,909**	**8,219**

There is no concentration of credit risk with respect to trade receivables, as Arseus has a large number of customers, internationally dispersed.

Arseus has recognised a loss of €129k (2005: income of €80k; 2004: income of €7k) on trade receivables during the year ended 31 December 2006.

This loss has been included in 'Depreciations, amortisations and changes in provisions for liabilities' in the income statement.

The other receivables mainly include current and value added taxes receivable.

14.3.5.10 Inventories

	31.12.2006	31.12.2005	31.12.2004
Raw materials	4,937	5,040	5,270
Production supplies	98	84	61
Work in progress	1,417	1,850	354
Finished goods	4,886	4,682	3,795
Trade goods	38,724	39,782	46,540
Inventories	**50,062**	**51,438**	**56,020**

14.3.5.11 Other payables

	31.12.2006	31.12.2005	31.12.2004
Advances received	1,749	1,485	1,247
Other payables	5,139	2,705	2,913
Accrued expenses	3,209	4,614	2,294
Deferred income	122	135	150
Other payables	**10,219**	**8,939**	**6,604**

14.3.5.12 Borrowings

	31.12.2006	31.12.2005	31.12.2004
Non current			
Finance lease liabilities	1,219	1,158	759
Bank borrowings	3,569	4,577	4,895
Other loans	47,300	0	12,253
	52,088	**5,735**	**17,907**
Current			
Finance lease liabilities	534	441	437
Bank borrowings	468	637	777
Other loans	79	128	39
Credit institutions	48	1,577	2,124
ST debt towards Omega (parent company)	52,489	97,377	72,478
	53,618	**100,160**	**75,856**
Total borrowings	**105,706**	**105,895**	**93,763**

As indicated in note 14.3.5.24, the amounts included in the lines "other loans" and "Short Term debt towards Omega" are borrowings to the Omega Pharma Group. The interest rate has been established in such a way as to approximate market conditions as much as possible. The intercompany borrowing are not secured and no loan covenants were established at the level of Arseus, in addition, payment terms can be shorter since re-financing by the parent company is easy.

	31.12.2006			31.12.2005			31.12.2004		
	Finance leases	Bank borro-wings	Other loans	Finance leases	Bank borro-wings	Other loans	Finance leases	Bank borro-wings	Other loans
Later than 1 year and not later than 5 years	1,219	1,143	47,300	1,158	1,609	0	759	1,750	12,253
Later than 5 years	0	2,426	0	0	2,968	0	0	3,145	0
Total non current borrowings	**1,219**	**3,569**	**47,300**	**1,158**	**4,577**	**0**	**759**	**4,895**	**12,253**

Total borrowings include secured liabilities of €940k.

a. Bank borrowings

The carrying amounts of the bank borrowings are mainly denominated in euro. The effective interest rate at the balance sheet date of 31 December 2006 was 5,923%.

b. Finance leases

The property, plant and equipment include the following amounts where the Group is a lessee under a finance lease:

	31.12.2006	31.12.2005	31.12.2004
Cost — capitalised finance leases	5,283	4,758	3,873
Accumulated depreciation	(2,582)	(2,348)	(2,074)
Net amount of finance leases	**2,701**	**2,410**	**1,799**

The net amount of the finance leases concern following investments:

	31.12.2006	31.12.2005	31.12.2004
Buildings	281	304	325
Installations, machinery and equipment	2,312	2,011	1,311
Furniture and vehicles	108	95	163
Net amount of finance leases	**2,701**	**2,410**	**1,799**

Finance lease liabilities — minimum lease payments:

	31.12.2006	31.12.2005	31.12.2004
Not later than 1 year	490	431	370
Later than 1 year and not later than 5 years	1,110	1,036	738
Later than 5 years	0	0	0
	1,600	**1,467**	**1,108**
Future finance charges on finance leases	153	132	88
Present value of finance lease liabilities	**1,753**	**1,599**	**1,196**

The present value of finance lease liabilities is as follows:

	31.12.2006	31.12.2005	31.12.2004
Not later than 1 year	534	441	437
Later than 1 year and not later than 5 years	1,219	1,158	759
Later than 5 years	0	0	0
Present value of finance lease liabilities	**1,753**	**1,599**	**1,196**

c. Operating Leases

Operating lease liabilities — minimum lease payments:

	31.12.2006	31.12.2005	31.12.2004
Not later than 1 year	3,093	2,731	2,402
Later than 1 year and not later than 5 years	5,084	5,486	4,033
Later than 5 years	1,782	2,886	3,601
Operating leases — minimum lease payments	**9,959**	**11,103**	**10,036**

14.3.5.13 Taxes, remuneration and social security

	31.12.2006	31.12.2005	31.12.2004
Current income tax liabilities	5,768	5,164	4,634
Other current tax and VAT payables	5,848	4,311	3,583
Remuneration and social security payables	7,441	6,386	6,623
Taxes, remuneration and social security	**19,058**	**15,861**	**14,839**

a. Deferred tax liabilities

	Difference in depreciation rates	Other	Reclass	Total deferred tax liabilities
		(€ thousands)		
Balance at 1 January 2004	**881**	**160**		**1,041**
Change in period	719	125		844
Charged to equity				0
Acquisition of subsidiary				0
Transfers				0
Translation differences		(1)		(1)
Balance at 31 December 2004	**1,600**	**284**	**0**	**1,884**
Change in period	338	(107)		231
Charged to equity				0
Acquisition of subsidiary				0
Transfers				0
Translation differences		(3)		(3)
Balance at 31 December 2005	**1,938**	**174**	**0**	**2,112**
Change in period	219	92		311
Charged to equity				0
Acquisition of subsidiary				0
Transfers				0
Translation differences		0		0
Balance at 31 December 2006	**2,157**	**266**	**0**	**2,423**

b. Deferred tax assets

	Difference in depreciation rates	Employee benefits	Provi-sions	Tax losses	Other	Reclass	Total deferred tax assets
Balance at 1 January 2004	1,162	1,142	590	730	539		4,163
Result	744	41	(443)	313	0		655
Charged to equity							0
Acquisition of subsidiary			370				370
Transfers							0
Translation differences							0
Balance at 31 December 2004	**1,906**	**1,183**	**517**	**1,043**	**539**	**0**	**5,188**
Result	(780)	33	(276)	2,946	0		1,923
Charged to equity							0
Acquisition of subsidiary			419				419
Transfers							0
Translation differences							0
Balance at 31 December 2005	**1,126**	**1,216**	**660**	**3,989**	**539**	**0**	**7,530**
Result	(681)	(643)	(572)	3,716	0		1,820
Charged to equity							0
Acquisition of subsidiary			687				687
Transfers							0
Translation differences							0
Balance at 31 December 2006	**445**	**573**	**775**	**7,705**	**539**	**0**	**10,037**

Deferred taxes have three sources:

- Differences in value of assets and liabilities for tax pruposes on the one hand and financial reporting purpuses on the other hand,

- Tax losses carried forward that will be compensated with future profits,
- Taxes to be recognised in respect of tax free reserves and undistributed earnings.

14.3.5.14 Retirement benefit obligations (IAS 19)

The amounts recognised in the balance sheet are determined as follows:

Balance sheet obligations	2006	2005	2004
Present value of funded obligations	9,273	10,340	8,463
Fair value of plan assets	(8,476)	(6,203)	(3,558)
Present value of unfunded obligations	797	4,137	4,905
Unrecognised actuarial losses/gains	1,552	334	(229)
Unrecognised past service cost			
Liability in the balance sheet	**2,349**	**4,471**	**4,676**

The plan assets are held by legally separate entities and are not the Group's own financial instruments.

The amounts recognised in the income statement are as follows:

Expense recognised in income statement		2006	2005	2004
Current service cost		521	489	418
Interest cost on obligation		402	335	322
Return on plan assets		(252)	(157)	(161)
Net actuarial gains (losses) recognised during the year		(28)	7	—
Loss on curtailment		(115)		—
		528	**674**	**579**
Of which included in the movement of provisions	20	2,481	121	124
Of which included in the employee benefit expenses	19	(1,953)	553	455

Movements in net liability	2006	2005	2004
Net liability in the balance sheet at 01/01	4,471	4,676	4,671
Liabilities acquired in a business combination	—	—	
Expense	528	674	579
Pensions paid directly from pension reserve	(40)	—	
Contributions/benefits	(2,650)	(879)	(567)
Transfer		—	(7)
Net liability in the balance sheet at 31/12	**2,309**	**4,471**	**4,676**

The Group has two defined benefit pension plans in the Netherlands

The principal actuarial assumptions used were as follows:

- the discount rate for 2005 amounted for 2004 to 5.25%, for 2005 to 4% and for 2006 to 4.90%,
- the expected return on plan assets was 4.80% for 2004, 3.85% for 2005 and 4.60% for 2006,
- the expected salary increase was 2% for both 2004 and 2005 and 2.50% for 2006.

14.3.5.15 Provisions

	Taxes	Dispute	Others	Total
Balance at 1 January 2004	**49**	**1,546**	**1,529**	**3,124**
Additions				
Through business combinations	—	—	—	—
Other	—	—	99	99
Used amounts reserved	—	(68)	(599)	(667)
Exchange differences	—	—	0	0
Transfers	—	—	107	107
Balance at 31 December 2004	**49**	**1,478**	**1,137**	**2,664**
Additions				
Through business combinations	—	—	—	—
Other	—	582	949	1,531
Used amounts reserved	—	(931)	(466)	(1,397)
Exchange differences	—	—	0	0
Used during the year	—	(12)	—	(12)
Transfers	2	—	0	2
Balance at 31 December 2005	**51**	**1,129**	**1,620**	**2,800**
Additions				
Through business combinations	—	—	194	194
Other	—	71	71	142
Used amounts reserved	(2)	(936)	(901)	(1,839)
Exchange differences	—	—	(1)	(1)
Transfers	—	—	0	0
Balance at 31 December 2006	**49**	**264**	**983**	**1,296**

14.3.5.16 Turnover

	2006	2005	2004
		(€ thousands)	
Sale of goods	257,347	263,189	264,565
Rendering services	19,624	20,059	18,719
Turnover	**276,971**	**283,248**	**283,284**

14.3.5.17 Other operating revenues

	2006	2005	2004
		(€ thousands)	
Gain on disposal of fixed assets	206	113	697
Other operating revenues	1,726	2,765	5,967
Other operating revenues	**1,932**	**2,878**	**6,665**

14.3.5.18 Employee benefit expenses

	2006	2005	2004
		(€ thousands)	
Wages and salaries	47,475	42,985	42,851
Social Security costs	9,713	9,165	9,424
Share options granted to directors and employees	0	0	0
Pension costs — Defined benefit plans	(1,953)	553	455
Pension costs — Defined contribution plans	844	341	186
Other post-employment benefit contributions	566	670	549
Other employment costs	2,586	2,818	4,062
Employee benefit expenses	**59,232**	**56,533**	**57,526**
FTE	**1,230**	**1,242**	**1,227**

14.3.5.19 Depreciations, amortisations and changes in provisions for liabilities

	2006	2005	2004
		(€ thousands)	
Depreciation and amortisations	6,106	5,225	5,186
Write-down on inventories	713	(132)	(561)
Write-down on orders in process	0	0	0
Write-down on receivable	129	(80)	(7)
Increase/decrease in provisions for current liabilities	(1,893)	(1,196)	(544)
Increase/decrease in provisions for pension obligations	207	121	124
Depreciations, amortisations and changes in provisions for liabilities	**5,262**	**3,938**	**4,198**

14.3.5.20 Other Operating Expenses

	2006	2005	2004
		(€ thousands)	
Other operating expenses	2,029	1,859	1,224
Restructuring charges	5,978	4,637	2,449
Restructuring provisions	196	1,330	(24)
Other operating expenses	**8,202**	**7,826**	**3,649**

The restructuring charges and provisions refer on the one hand to the destruction of stock, enabling Arseus to fully implement the renewed brand and distribution strategy immediately. On the other hand, it refers to redundancy and other charges related to the restructuring that was implemented throughout 2006.

14.3.5.21 Financial Result

	2006	2005	2004
		(€ thousands)	
Financial income	743	380	283
Financial expenses	(802)	(435)	(656)
Interest expenses	(5,502)	(3,522)	(5,077)
Foreign exchange differences	53	(422)	223
Financial result	**(5,508)**	**(3,999)**	**(5,228)**

The financial expenses mainly relate to bank costs and payment discounts that were granted to customers.

14.3.5.22 Income Taxes

	2006	2005	2004
		(€ thousands)	
Current tax	3,998	6,436	6,657
Deferred tax	(1,509)	(1,692)	189
Tax charge	**2,489**	**4,744**	**6,846**
Profit before tax	14,612	19,807	20,644
Tax calculated at domestic rates applicable to profits in the respective countries	4,292	6,130	7,042
Income not subject to tax	(2,170)	(1,124)	(374)
Expenses not deductible for tax purposes	166	199	0
Utilisation of previously unrecognised tax losses	0	(288)	0
Tax losses for which no deferred income tax asset was recognised	0	0	0
Other	200	(173)	178
Tax charge	**2,489**	**4,744**	**6,846**

The weighted average effective tax rate was 17.0% (2005: 24.0% and 2004: 33.2%)

14.3.5.23 Contingencies

The Group is involved in a number of claims, litigations and legal proceedings and this within the normal conduct of its business. Management does believe that such claims, litigations and proceedings are not likely, in the aggregate, to have a material adverse impact on the financial condition of the Group.

Nevertheless, because of their individual significance, below contingencies require disclosure:

On the date of this Prospectus, the Group was involved in the following material litigation, it being understood that material shall be interpreted as exceeding a financial risk of €750,000.

- One of the Issuer's subsidiaries, Corilus Wallonie SA, is subject to several claims by the Belgian tax authorities amounting to respectively €7,272,735.16, €7,808,509.70 and €9,811,638.32 as addition to the taxable basis of Corilus Wallonie SA for the income years 2003, 2004 and 2005 (with an additional 10% tax penalty being applied), The Issuer deems it unlikely that a Belgian court will follow the reasoning of the Belgian tax authorities in this respect.

- One of the Issuer's subsidiaries, Fagron Ibérica, has been subject to a claim of €12,952,912.34 by Abbott GmbH&Co.KG. The Court of First Instance No 37 of Barcelona passed judgment on 11 March 2005 in favour of Fagron Ibérica, but Abbott GmbH&Co.KG filed an appeal against the said judgment, which is still pending. The decision of the Court of Appeal is expected to be passed by 2008. The Issuer deems it likely that it will be able to be indemnified for any negative consequences in this respect.

- One of the Issuer's subsidiaries, Alphadent, has been subject to a claim for the supply of alleged faulty dental materials by two of its customers. The customers are claiming respectively (i) €368,865 for material damage (to be increased with legal interest) and €25 per day as from 1 January 1999 up to the date of the judgment for moral damage, and (ii) €552,567.5 for material damage (to be increased with legal interest) and €25 per day as from 1 January 1999 up to the date of the judgment for moral damage. In the event that the claim vis-à-vis Alphadent would be found valid, the Issuer deems it likely that it will be able to ask for indemnification by the supplier of the alleged faulty dental materials (which is also involved in this litigation). The proceedings are currently pending before the Commercial Court of Antwerp. The Commercial Court of Antwerp has appointed two experts to asses whether the dental materials are faulty. The experts filed their report on 8 March 2005. The Issuer is unable to predict the time at which a decision in this respect shall be passed.

14.3.5.24 Related party transactions

Arseus is part of the Omega Pharma Group. Omega Pharma NV is the ultimate shareholder of Arseus.

The following transactions were carried out with related parties:

	2006	2005	2004
		(€ thousands)	
a) Sales of goods and services			
Sales of goods			
Non-Arseus companies of the Omega Pharma Group	303	397	746
Sales of services			
Non-Arseus companies of the Omega Pharma Group	83	73	89
	386	**470**	**835**
b) Purchase of goods and services			
Purchase of goods			
Non-Arseus companies of the Omega Pharma Group	585	762	4,470
Purchase of services			
Non-Arseus companies of the Omega Pharma Group	771	2,034	1,045
	1,356	**2,796**	**5,515**

The Arseus management team was only established during 2006, therefore key management compensation is only relevant as from 2006. Up to 2006, the management of the Arseus business units was done by the Omega Pharma management. The cost is included in the services charged by Omega Pharma NV.

Sales prices are determined based on a cost plus formula.

The services that are cross charged are based on actual costs incurred, allocated based on a set of reasonable allocation keys.

The decreased level of related party transactions demonstrate that Arseus Group gradually became more independent from Omega Pharma.

	Fixed remuneration component[1]	Variable remuneration component	Other remuneration components[2]
c) Key management compensation for 2006			
CEO	299.6		40.1
Management team, including the CEO	818.9		56.0

14.3.5.25 Business combinations

Over the three year period the Group has realised a number of acquisitions. Since the acquired operations have been immediately integrated — in their entirety or for the major parts — into the existing entities of the Group, no separate reporting has been made of their contribution to the result of the Arseus Group. Moreover the dimension of these acquisitions is relatively limited in proportion to the Group's dimension.

During 2004, the newly acquired business was limited to the business of Färhaus GmbH (included in the consolidated and combined financial statements starting from April 2004). The consideration paid amounted to €2,815,000. The net assets acquired, after the purchase price allocation, amounted to €301,000. In the meanwhile, this entity has been merged with another group entity.

During 2005, the only business acquired was Informatieque Gestion Lavaux (included in the combined financial statements starting from January 2005). The consideration paid amounted to €1,310,000, The net assets acquired, after the purchase price allocation, amounted to — €409,000.

During 2006, Eurotec Dental SAS and Besserat Dentaire Service SAS (both included in the combined financial statements starting from September 2006). The consideration paid amounted to €7,630,000. The net assets acquired, after the purchase price allocation, amounted to €1,913,000.

Also during 2006, a small Suisse based dental group Liengme SA, consisting of three companies being: H-Liengme SA, Liengme SA and Rocam SA was acquired (included in the combined financial statements starting from May 2006). The consideration paid amounted to €5,091,000. The net assets acquired, after the purchase price allocation, amounted to (€30,000).

Lastly, also a French dental business was acquired representing an increase in goodwill of €597,000.

14.3.5.26 Significant events after year end

The management confirms that there have been no events subsequent to the year-end for which adjustments to the the financial reporting as per year end is required.

Arseus has reached an agreement for acquiring the activities of the Italian company Polichimica. Formal closing of this asset deal was made in July 2007. Arseus pays approximately €7 million in cash for this acquisition, which fits perfectly with the activities of the Fagron division. With this acquisition, the activities of Arseus are expanded to the Italian market.

14.3.5.27 Additional notes — off balance sheet rights and obligations — collateral

The Group entities have provided following securities within the framework of their financing:

	€ '000
Hader SA	
Mortgage registration	1,284
Multident Dental GmbH	
Registered pledge on working capital	1,475
Total	**2,759**

14.3.5.28 List of combined companies

All below mentioned companies are fully owned by Arseus B.V. or subsidiaries of Arseus B.V.

ABC Dental & Pharma SA, a limited liability company (*société anonyme*), incorporated under French law, having its registered office at 5 rue de Casteglione, 75001 Paris, registered with the Trade and Company Registry of Paris under number 428 817 787;

ABC Dental & Pharmaceutical Consultancy NV, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Textielstraat 24, B-8790 Waregem, Belgium, registered with the Crossroads Bank for Enterprises under number 0442.286.247, Commercial Court of Kortrijk;

ABC Ducro Dental B.V., a limited liability company (*besloten vennootschap*), incorporated under Dutch law, whose registered office is at Cartografenweg 18, 5141 MT Waalwijk, The Netherlands, registered in the Dutch Trade Register under number 31029658;

Aca Pharma BVBA, a company limited by shares (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under Belgian law, having its registered office at Textielstraat 24, 8790 Waregem, Belgium, registered with the Crossroads Bank for Enterprises under number 0416.121.783, Commercial Court of Kortrijk;

Alphadent NV, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Textielstraat 24, B-8790 Waregem, Belgium, registered with the Crossroads Bank for Enterprises under number 0414.789.321, Commercial Court of Kortrijk;

Apex Delta SAS, a limited liability company (*société par action simplifiée*), incorporated under French law, having its registered office at 31 rue du Repos, 69007 Lyon, France, registered with the Trade and Companies Registry under number 392 221 982;

Arcadent BVBA, a company limited by shares (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under Belgian law, having its registered office at Textielstraat 24, B-8790 Waregem, Belgium, registered with the Crossroads Bank for Enterprises under number 0438.701.108, Commercial Court of Kortrijk;

Archimed NV, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Textielstraat 24, B-8790 Waregem, Belgium, registered with the Crossroads Bank for Enterprises under number 0452.571.316, Commercial Court of Kortrijk;

Arseus België NV, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Textielstraat 24, B-8790 Waregem, Belgium, registered with the Crossroads Bank for Enterprises under number 0434.900.191, Commercial Court of Kortrijk;

Arseus Capital NV, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Industrieweg 2, B-2850 Boom, Belgium, registered with the Crossroads Bank for Enterprises under number 0471.941.919, Commercial Court of Antwerpen;

Arseus Medical B.V., a limited liability company (*besloten vennootschap*), incorporated under Dutch law, whose registered office is at Gelderlandhaven 4, 3433 PG Nieuwegein, The Netherlands, registered in the Dutch Trade Register under number 30109242;

Arseus NV, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, whose registered office is at Textielstraat 24, 8790 Waregem, Belgium and registered with the Crossroads Bank for Enterprises under number 0890,535,026;

Belgo-Chemica BVBA, a limited liability company (*Besloten Vennootschap met Beperkte Aansprakelijkheid*), incorporated under Belgian law, having its registered office at Industrieweg 2, 2850 Boom, registered with the Crossroads Bank for Enterprises under number 0404.871.268, Commercial Court of Antwerp;

Besserat Dentaire Services SAS, a limited liability company (*société par action simplifiée*), incorporated under French law, having its registered office at 147 rue Manin, 75019 Paris, registered with the Trade and Companies Registry under number 382 156 792;

Certa SA, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Avenue du Commerce 23, 1420 Braine L'Alleud, Belgium, registered with the Crossroads Bank for Enterprises under number 0416.616.681, Commercial Court of Nivelles;

Corilus B.V., a limited liability company (*besloten vennootschap*), incorporated under Dutch law, whose registered office is at Randhoeve 221, 3995 GA Houten, The Netherlands, registered in the Dutch Trade Register under number 200667071;

Corilus Vlaanderen NV, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Hogenakkerhoekstraat 5, 9150 Kruibeke, Belgium, registered with the Crossroads Bank for Enterprises under number 0436.953.029, Commercial Court of Dendermonde;

Corilus Wallonie SA, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Rue Camille Hubert 23, 5032 Les Isnes (Gembloux), registered with the Crossroads Bank for Enterprises under number 0436.953.029, Commercial Court of Namur;

De Collegiale Bereiding B.V., a limited liability company (*besloten vennootschap*), incorporated under Dutch law, whose registered office is at Hinmanweg 13A, 7575 BE Oldenzaal, The Netherlands, registered in the Dutch Trade Register under number 06059576;

Dentale Service Dienst B.V., a limited liability company (*besloten vennootschap*), incorporated under Dutch law, whose registered office is at Merkerkant 1303 I, 1314 AL Almere, The Netherlands, registered in the Dutch Trade Register under number 39058041;

Denteco 2000 S.A., a limited liability company (*société anonyme*), incorporated under French law, having its registered office at ZAC du pré Catelan, rue Delesalle, 59110 La Madeleine, registered with the Trade and Companies Registry under number 384 168 696;

Denteco Dental Partners NV, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Textielstraat 24, B-8790 Waregem, Belgium, registered with the Crossroads Bank for Enterprises under number 0439.161.263, Commercial Court of Kortrijk;

Dorge Medic S.A., a company limited by shares (*société anonyme*), incorporated under Belgian law, having its registered office at Chaussee de Nivelles 351, 5020 Temploux, Belgium, registered with the Crossroads Bank for Enterprises under number 0443.678.988, Commercial Court of Namur;

Euro Dental & Medical NV, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Textielstraat 24, B-8790 Waregem, Belgium, registered with the Crossroads Bank for Enterprises under number 0450.810.171, Commercial Court of Kortrijk;

Eurotec Dental SAS, a limited liability company (*société par action simplifiée*), incorporated under French law, having its registered office at 147 rue Manin, 75019 Paris, registered with the Trade and Companies Registry under number 382 134 559;

Fagron NV, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Textielstraat 20, B-8790 Waregem, Belgium, registered with the Crossroads Bank for Enterprises under number 0403.767.052, Commercial Court of Kortrijk;

Fagron SAS, a limited liability company (*société par action simplifiée*), incorporated under French law, having its registered office at 30 rue Gabriel Péri, 92700 Colombes, registered with the Trade and Companies Registry under number 477 691 489;

Fagron GmbH & Co KG, a limited liability partnership (*Kommanditgesellschaft*) organised under the laws of Germany, having its legal seat in Barsbüttel with its office at Von-Bronsart-Str, 12, Barsbüttel, Germany and being registered in the commercial register of the local court of Lübeck under HRA 2157 RE;

Fagron Group B.V., a limited liability company (*besloten vennootschap*), incorporated under Dutch law, whose registered office is at 's Gravenweg, 2911 CL Nieuwerkerk ad IJssel, The Netherlands, registered in the Dutch Trade Register under number 24183722;

Fagron Iberica SA, a stock company (*sociedad anónima*), incorporated under Spanish law, having its registered office at Josep Tapiolas 150, Terrassa 08226 Barcelona (Spain), registered with the Mercantile Registry of Barcelona at Tome 36,972, Sheet 185, Page B-38306, Entry 1st, and with Spanish identification VAT number A-08199499,

Fagron B.V., a limited liability company (*besloten vennootschap*), incorporated under Dutch law, whose registered office is at Hoogeveenseweg 210, 2913 LV Nieuwerkerk ad IJssel, The Netherlands, registered in the Dutch Trade Register under number 24259311;

Fagron Services B.V., a limited liability company (*besloten vennootschap*), incorporated under Dutch law, having its registered office at Molenwerf 13, 1911 DB Uitgeest, The Netherlands, registered in the Dutch Trade Register under number 35022503;

Hader SA, a company limited by shares (*société anonyme*) incorporated under Swiss law, having its registered office at Rue Jardinière 153, 2300 La Chaux-de-Fonds, Switzerland, registered with the register of commerce under the federal identification number CH-645-1000103-8;

H-Liengme SA, a company limited by shares (*société anonyme*) incorporated under Swiss law, having its registered office at Boulevard des Eplatures 39, 2300 La Chaux-de-Fonds, Switzerland, registered with the register of commerce under the federal identification number CH-677-3001537-4;

Info Santé SAS, a limited liability company (*société par action simplifiée*), incorporated under French law, having its registered office at 30 rue Gabriel Péri, 92700 Colombes, registered with Trade and Companies Registry under number 333 232 700;

Informatique Gestion Lavaux SA, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Avenue J.F. Kennedy 1, 5650 Walcourt section de Chastrès, Belgium, registered with the Crossroads Bank for Enterprises under number 0430.872.020, Commercial Court of Dinant;

JJ Maes-Sygma NV, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Parkstraat 34, B-3070 Kortenberg, Belgium, registered with the Crossroads Bank for Enterprises under number 0440.548.957, Commercial Court of Leuven;

Lamoral NV, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Textielstraat 24, B-8790 Waregem, Belgium, registered with the Crossroads Bank for Enterprises under number 0405.122.676, Commercial Court of Kortrijk;

Lamoral Nederland B.V., a limited liability company (*besloten vennootschap*), incorporated under Dutch law, whose registered office is at Cartografenweg 18, 5141 MT Waalwijk, The Netherlands, registered in the Dutch Trade Register under number 18132539;

Liengme SA, a company limited by shares (*société anonyme*) incorporated under Swiss law, having its registered office at Boulevard des Eplatures 39, 2300 La Chaux-de-Fonds, Switzerland, registered with the register of commerce under the federal identification number CH-645-1000502-5;

Medical Quick Supplies S.A., a company limited by shares (*société anonyme*), incorporated under Belgian law, having its registered office at Chaussée de Marché 875/877, B-5100 Jambes-Wierde (Namur), Belgium, registered with the Crossroads Bank for Enterprises under number 0431.679.791, Commercial Court of Namur;

Medical Universal SAS, a limited liability company (*société par action simplifiée*), incorporated under French law, having its registered office at 31 rue du Repos, 69007 Lyon, registered with the Trade and Companies Registry under number 397 655 341;

Multident Dental GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) organised under the laws of Germany, having its legal seat in Hannover and its office at Mellendorfer Str. 7-9, 30625 Hannover, Germany and being registered with the commercial register of the local court of Hannover under number HRB 59116;

Omega Hospital NV, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Boomsesteenweg 524, B-2610 Antwerpen-Wilrijk, Belgium, registered with the Crossroads Bank for Enterprises under number 0440.200.450, Commercial Court of Antwerp;

Omega Medical NV, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Textielstraat 24, B-8790 Waregem, Belgium, registered with the Crossroads Bank for Enterprises under number 0435.200.792, Commercial Court of Kortrijk;

OmegaSoft Medical NV, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Knokkeweg 23, 9880 Aalter, Belgium, registered with the Crossroads Bank for Enterprises under number 0465.048.781, Commercial Court of Gent;

Oral Hygiëne Center B.V., a limited liability company (*besloten vennootschap*), incorporated under Dutch law, having its registered office at Printerweg 15, 3821 AP Amersfoort, The Netherlands, registered with the Dutch Trade Register under number 31025127;

Oudheusden Dental B.V., a limited liability company (*besloten vennootschap*), incorporated under Dutch law, whose registered office is at Leeuweriklaan 2, 3704 GR Zeist, The Netherlands, registered in the Dutch Trade Register under number 30046199;

Pharmaflore SA, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Rue Botrieux 7, 7864 Lessines-Deux-Acren, Belgium, registered with the Crossroads Bank for Enterprises under number 0422.946.130, Commercial Court of Tournai;

Rocam SA, a company limited by shares (*société anonyme*) incorporated under Swiss law, having its registered office at Boulevard des Eplatures 39, 2300 La Chaux-de-Fonds, Switzerland, registered with the register of commerce under the federal identification number CH-514-3004496-4;

Spruyt-Hillen B.V., a limited liability company (*besloten vennootschap*), incorporated under Dutch law, whose registered office is at Tinbergenlaan 1, 3401 MT IJsselstein Ut, The Netherlands, registered in the Dutch Trade Register under number 08075445;

Timm Health Care B.V., a limited liability company (*besloten vennootschap*), incorporated under Dutch law, whose registered office is at Tinbergenlaan 1, 3401 MT IJsselstein Ut, The Netherlands, registered in the Dutch Trade Register under number 30091194;

Van Hopplynus Ophtalm NV, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at rue Colonel Bourg 105, 1030 Schaerbeek, Belgium, registered with the Crossroads Bank for Enterprises under number 0447.467.334, Commercial Court of Brussels;

Verenigde Dental Depots NV, a company limited by shares (*naamloze vennootschap*), incorporated under Belgian law, having its registered office at Textielstraat 24, B-8790 Waregem, Belgium, registered with the Crossroads Bank for Enterprises under number 0403.003.128, Commercial Court of Kortrijk;

Xtradent B.V., a limited liability company (*besloten vennootschap*), incorporated under Dutch law, whose registered office is at Edisonweg 11a, 3404 LA IJsselstein Ut, The Netherlands, registered in the Dutch Trade Register under number 39077336;

14.3.6. Audit report for the IFRS combined financial accounts for the years ended on 31 December 2004, 31 December 2005, 31 December 2006 for Arseus NV

Independent auditor's report on Arseus Group

To the shareholders and board of directors of Arseus NV

We have audited the combined financial statements of the Arseus Group, which comprise the balance sheet as at 31 December 2004, 2005 and 2006, and the related income statements, cash flow statements and statements of changes in equity for the years then ended, as included in Section 14.3 of this Prospectus. These combined financial statements are the responsibility of Arseus Group's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements, as included in Section 14.3 of this Prospectus, present fairly, in all material respects, the financial position of the Arseus Group as of 31 December 2004, 2005 and 2006, and of the results of its operations and cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw attention to the fact that, as described in note 14.3.5.2, for the three years in the period ended 31 December 2006, the Arseus Group has not operated as a separate group. These combined financial statements are therefore not indicative of results that would have occurred if the Group had been a separate stand-alone group during the periods presented or for future periods.

7 September 2007

PricewaterhouseCoopers Bedrijfsrevisoren Bcvba

Represented by

Peter Van den Eynde Peter Opsomer

15. BUSINESS GLOSSARY

Abutment	An implanted tooth substitute used to support or anchor a dental prosthesis.
API	Active pharmaceutical ingredient.
Certificate of analysis	A document certifying the precise composition of compounded medications.
Compounding Pharmacy	A licensed pharmacy focused on pharmaceutical compounding, that provides such compounded medications to dispensing (retail) pharmacies.
Conditioning	Repackaging pharmaceutical reagents from bulk packaging into smaller or customer-specific packaging, under controlled conditions.
Drug master file	A Drug Master File (DMF) is a submission to a regulatory authority such as the EMEA that may be used to provide confidential detailed information about facilities, processes, or articles used in the manufacturing, processing, packaging, and storing of one or more human drugs. The submission of a DMF is not required by law. A DMF is submitted solely at the discretion of the holder.
EMEA	European Agency for the Evaluation of Medicinal Products.
Excipients	Pharmaceutically inactive ingredients that are combined with APIs to create finished pharmaceutical formulations for patient use.
Formulary	A set of procedural instructions that define how to compound or manufacture a medication.
GMP	Good Manufacturing Practices, regulatory defined manufacturing quality standards.
Material safety data sheets	Quality related documentation stipulating the safety and purity of pharmaceutical raw materials.
Original Equipment Manufacturer (OEM)	Manufacturer of components supplied to an ultimate assembler or manufacturer of equipment that is ready for end users.
OTC pharmaceuticals	Medications available without a physician's prescription.
Pharmaceutical compounding	Formulation of a customised medication by a pharmacist, by combining one or more APIs with excipients to meet specific patient requirement.

16. OFFERING GLOSSARY

Issuer	Arseus, a limited liability company organised and existing under Belgian law, with registered office at Textielstraat 24 in 8790 Waregem (Belgium), and registered with the register of legal entities under company number 0890.535.026 and Issuer of the Shares.
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