A&D Pharma

INTERIM REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2009

Bucharest, Romania – 24 August 2009 – A&D Pharma Holdings N.V. (the "Group" or "A&D Pharma"), the Dutch holding company that owns the largest integrated pharmaceutical wholesale, marketing and sales, and retail business in Romania, today publishes the semi-annual financial report for the six months ended 30 June 2009.

GROUP FINANCIAL HIGHLIGHTS

- Ron* denominated consolidated sales up 6% year-on-year to RON 985.0 million (RON 932.9 million)
- Euro* denominated consolidated sales down 8% year-on-year to Euro 232.9 million (EUR 254.1 million) due to depreciation of RON currency
- 12% year-on-year reduction in operating costs, including 17% reduction in labour costs
- Slight increase in consolidated gross margin to 24.7% (24.4%)
- Operating profit up 82% to Euro 17.1 million (Euro 9.4 million)
- Net profit up significantly to Euro 9.2 million (Euro 0.9 million)
- EBITDA up 53% to Euro 20.7 million (Euro 13.6 million)
- Total Debt position stable at Euro 77.0 million (Euro 79.1 million in June 08)

In order to align the reporting currency with the predominant functional currency of the Group and simplify comparative performance analysis, the Group is reporting sales both in Romanian Ron and in Euro. The average EUR/RON exchange rate for the first half of 2009 was 4.2293 compared to 3.6709 for the first half of 2008.

In spite of a difficult operating environment which has undeniably affected the Romanian economy and our revenues, the Group is reporting solid results and outstanding growth in the operating profit. Despite reporting revenue down 8% to 232.9 million Euro, the operating profit was up 82% year on year to 17 million Euro.

Revenues from the wholesale segment were down 6% in Euro and up in RON. This is because of the depreciation of the RON currency since last year. Our Marketing & Sales division reported lower revenues and profit figures mainly due to reclassification of some products to the wholesale segment. Sales at Sensiblu, our retail operation, grew by 22% to 87.1 million Euro and we are reporting an operating profit for the period.

Since last year, several measures aimed at increasing our ability to adapt to the current environment including cost reductions across our operations and some staff headcount reductions were taken. These measures are now clearly bearing fruit and we are reporting a 12% year-on-year reduction in operating costs for the first six months of 2009.

Our EBITDA grew by 53% to 20.7 million Euro versus 13.6 million Euro in the fist half of 2008 while the EBIT grew by 82% to 17 million Euro versus 9.3 million Euro in the fist half of 2008. Our gross margin remained stable at 24.7% during the period and we improved our net debt position to 77 million Euro compared to 79.1 million Euro in June 2008.

A&D Pharma recorded a net profit 862% higher in the first half of 2009 than in the same period last year at 9.2 million Euro compared to 954,000 Euro last year.

SEGMENTAL AND OPERATING HIGHLIGHTS

Mediplus – the wholesale and marketing & sales leader

Mediplus is Romania's leading pharmaceutical wholesale and marketing & sales provider. Through its nationwide network of warehouses, Mediplus supplies products to over 70% of pharmacies across Romania and combined with its Marketing & Sales services, it brings a full supply chain solution for internal and external partners alike.

We expect revenues to continue to grow thanks to the expansion of Mediplus' product offering in the non pharmaceutical segment through new partnerships.

The unit's unique ability to rapidly adapt to the advantages of positive regulatory changes, such as the opening up last year of the hospital market for oncology products and diabetes treatments, means that Mediplus is ideally positioned to continue to capture the growth in the Romanian pharmaceutical market.

In terms of revenue split, 73% of Mediplus's revenues were prescription based with the remainder generated from OTC products. With regards to income channels, 94% of Mediplus' revenues derived from pharmacies in the firs six months of 2009 with 6% coming from hospitals.

Wholesale

- 6% year-on-year decline in Euro wholesale revenue to Euro 164.6 million (EUR 174.3 million)
- 9% year-on-year growth in RON wholesale revenue to RON 696.0 million (RON 639.8 million)
- 66% increase in wholesale EBITDA to EUR 16.1 million (Euro 9.7 million)
- Operating profit up 89% year-on-year to EUR 15.4 million (Euro 8.1 million)

A&D Pharma's wholesale business line continues to perform very well. The business line recorded 9% year-on-year growth in RON wholesale revenue but, as a result of the unfavourable exchange rate, reported a 6% decline in Euro denominated revenue to 164.6 million with a 66% increase in EBITDA to 16.1 million Euro and an 89% increase in operating profit to Euro 15.4 million.

Marketing & Sales

- 48% year-on-year fall in Euro marketing & sales revenue to Euro 24.7 million (Euro 48.0 million) due to reclassification of some products to wholesale segment
- 41% year-on-year fall in RON marketing & sales revenue to RON 104.6 million (RON 176.2 million) due to reclassification of some products to wholesale segment
- Decrease in marketing & sales EBITDA to Euro 3.7 million (Euro 7.3 million)
- Operating profit down 54% year-on-year to Euro 3.1 million (Euro 6.6 million)

A&D Pharma's new business line, Marketing & Sales, saw its sales, operating profit and EBITDA halve in the first half of 2009 mainly as a reclassification of products to the wholesale.

Sales were Euro 24.7 million. Operating profit was Euro 3.1 million and EBITDA was Euro 3.7 million, representing the highest EBITDA margin of our business units at 15%.

During 2008, and in line with the Group's intentions to expand into neighbouring countries by business line, the marketing & sales line started operations in Hungary and we will pursue this expansion strategy in other suitable markets.

The marketing & sales business line, is a vertical that was split last year from Mediplus. The business line is very valuable in that it provides dedicated value added services to key suppliers, including marketing, brand management services to strengthen strategic partnerships with international manufacturers.

<u>Sensiblu – Romania's largest branded pharmacy chain</u>

At Sensiblu, our retail division and the largest branded pharmacy chain with 219 outlets, steps have been taken to ensure our outlets stay ahead of the competition.

We introduced a new pharmacy concept ("Sensiblu is changing for you"), which is focused on improving existing stores and boost per store profitability.

In-store, we have made sure that our portfolio of products includes all of the latest consumer healthcare goods, adapted to customers' needs and consumption habits.
Furthermore, we have also introduced a range of value added services at our outlets, such as making our pharmacists fully available to provide service & advice to our customers.

A large proportion of our retail revenues come from street shops. Following our store relocation program, the location of our stores now reflects this to ensure we achieve maximized store traffic. We also ensure that we have high margin ranges such as Boots, L'Occitane and our own new brand launched in 2008: Oxyance.

All these changes have resulted in a 7% increase in total number of transactions achieved between the 1st of January and the 30th of June this year to 7.9 million transactions.

The average value of transactions was up to Euro 12.7 from Euro 12.5 in the first half of 2008 for loyalty cards and up to 9.8 euros for non card transactions, an increase of 48% from Euro 6.6 in the first half of 2008.

Looking at the revenue analysis, 61% of that income derives from very stable prescription sales, with the remaining revenue well diversified thanks to the broad range of OTC and other consumer healthcare products stocked at Sensiblu stores. As the growth in the sales of OTC products, dermocosmetics and alternative medicines accelerate we expect our turnover split by these product categories to increase in future.

- 22% year-on-year growth in Euro denominated revenue to EUR 87.1 million (EUR 71.3 million)
- 41% year-on-year growth in Ron denominated revenue to RON 368.3 million (RON 261.6 million)
- Operating profit of Euro 1.6 million (Euro 1.1 million loss)
- EBITDA up strongly to Euro 3.8 million from Euro 0.7 million in the first half of 2008
- Romania's largest branded pharmacy chain with a total of 219 outlets as at 30 June 2009
- 7% increase in total number of transactions from 7.4 million transactions in over Jan-Jun 2008 to 7.9 million transactions for the first six months of 2009
- Opening of 2 new stores, relocation of 1 store and closure of 4 stores to consolidate Sensiblu's position as Romania's leading branded pharmacy chain
- Loyalty card holders generated a year-on-year increase in average value per card transaction to Euro 12.7 in the first half of 2009 (Euro 12.5 over Jan-Jun 2008)

The first half of 2009 has been a very successful period for Sensiblu. First of all, a lot of work had gone into diversifying and developing our product range last year and the unit ensured that its pharmacies are in prominent locations following a series of store relocations. The result of all this is that Sensiblu has succeeded in increasing revenues by 22% year-on-year to 87.1 million euros.

Sensiblu also delivered an outstanding growth in operating profit shifting from an operating loss last year of Euro 1.2 million to an operating profit of Euro 1.6 million this year for the period January to june. EBITDA was up by 418% to Euro 3.8 million.

There was also an increase in average monthly turnover per loyalty card to Euro 12.7 compared to Euro 12.4 last year.
There was a 7% increase in total number of transactions from 7.4 million transactions in the first half of 2008 to 7.9 million transactions for the first half of this year.

Sensiblu is in very good shape and we are very optimistic about its future.

Improvement in cashflow and reduced Capex

To ensure that A&D Pharma remains in the strongest of financial health during the course of the current downturn, and also to enhance the company's profitable growth, measures have been taken to improve cash flow, reduce CAPEX and keep the Group's debt stable.

As a result of the continued weakening of the Romanian Leu (RON) versus the Euro, a higher currency expense was booked in the half year 2009 of Euro 4 million. To maintain current levels of cash flows, the Company reduced its Capital expenditure, but as the results have proven, this has not been done to the detriment of providing sufficient levels of growth.

Romanian healthcare market

GDP is estimated to be down 4% year-on-year in 2009 (source: Ministry of Finance). Despite revisions on the GDP growth going forward, Romania remains one of the most dynamic economies in Europe and the healthcare market is generally more resilient than other consumer markets.

Healthcare spending per capita is forecast to grow by 12% year-on-year to $469 but we do not anticipate significant growth in the pharmaceutical market (in terms of pharmacy purchase prices) this year.

While the past levels of growth in the Romanian economy are not likely to be repeated for some time, we are confident in the long-term prospects of the Romanian consumer economy and healthcare market. The current low level of drug consumption per capita supports high growth potential in the healthcare industry and we are fully focused on capturing this growth by strengthening our operations across our three business lines.

The main regulatory changes brought by the new drug price methodology applied by the Ministry of Health starting with 1 April, 2009, is the fixing of the imported drug price into RON to a fix rate of RON/EUR 4, RON/USD 2.90, RON/CHF 2.52, as well as maintaining the carriage and insurance paid ("CIP") price to a minimum level from a list of 12 countries selected by government.

Other positive developments in the first half of the year include the implementation of the Social program that increases the percentage of reimbursement of medicines for pensioners with small incomes.

2009 Outlook

In terms of Outlook for the rest of 2009, we expect:
- The Pharmaceutical market to continue to grow in RON
- A&D Pharma sales to continue to outperform general pharmaceutical market growth

With regard to our wholesale business line, we expect to compensate anticipated increase in competitive pressure on margins by:

- Further improving and widening range of value-added services provided to third party pharmacies
- Consolidating competitive position by leveraging on the increased logistics capacities and extending portfolios of pharmaceutical and non-pharmaceutical products
- Increasing synergies with retail

In our marketing & sales division, we expect higher margins than in our wholesale business to be supported by:

- Extending sales & marketing services to prescription products (initiated last year with Amgen)
- Introduction of new OTC suppliers of niche medicines
- Extend strategic portfolios at regional level
- Extension of dermocosmetic portfolios and new suppliers
- New portfolios of cosmetics and non-pharmaceuticals leveraging on the Company's increased logistical capacity

In our retail division, Sensiblu, we expect to see a further improvement by:

- Extending new outlet model
- Increasing turnover generated by loyalty card holders through the provision of new services
- Focusing on profitability of existing outlets
- Continue relocations and open new pharmacies mainly in commercial centres and hospitals
- Opening new l'Occitane outlets
- Extending the portfolio of own brands

Related party transactions

As described in the condensed consolidated interim financial statements as at and for the six months ended 30 June 2009, the sales of goods and services to related parties amounted to 490.0 thousand Euro, whereas the purchase of goods and services from related parties amounted to 15 million Euro.

The transaction entered into by the Group with Ozone Laboratories SRL was the most material related party transaction in the period of six months ended 30 June 2009.

Mediplus Exim SRL and Ozone Laboratories SRL have entered into a distribution agreement dated 1 July 2008, based on which the former undertook to provide to the latter promotion and distribution services related to the Ozone Laboratories SRL's products. The agreement remains in force until 1 July 2009, and is automatically extended for one year periods.

On 2 August 2006 Sensiblu SRL and Ozone Laboratories SRL entered into a service agreement according to which the former undertook to provide to the latter certain services for the merchandising of Ozone Laboratories SRL products in Sensiblu SRL's pharmacies. The agreement was entered into for a 12 month period, namely from 1 July 2006 to 1 July 2007, and was subsequently extended until 1 July 2009.

Directors' statement of responsibilities

The directors confirm that:

The condensed consolidated interim financial statements for the six months ended 30 June 2009 give a true and fair view of the assets, liabilities, financial position and results of A&D Pharma and its consolidated companies.

The directors' report gives a true and fair view of the position as per the balance sheet date, the state of affairs and the developments during the first half of 2009 at A&D Pharma and its consolidated companies.

The present management report, in conjunction with the Annual Report for the financial year 2008, describe the principal risks and uncertainties A&D Pharma is facing in the remaining six months of the financial year 2009.

A&D Pharma

A&D PHARMA HOLDINGS N.V.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2009

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Independent Auditors' Report on Review of Interim Financial Information

The Board of Directors of
A&D Pharma Holdings NV

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of A&D Pharma Holdings NV (and its subsidiaries) ("the Group") as at 30 June 2009, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in shareholders' equity and condensed consolidated statement of cash flows for the six month period then ended ("the condensed consolidated interim financial information"). The condensed consolidated interim financial information are not statutory financial statements of the Group nor are the financial statements intended for statutory filing purposes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2009 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matters

This report is made solely to the Group's Board of Directors, as a body. Our review work has been undertaken so that we might state to the Group's Board of Directors those matters we are required to state to them in a review report and for no other purpose. To the fullest extend permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's Board of Directors as a body, for our review work, for this report, or for the conclusions we have reached.

KPMG Romania SRL

Bucharest, Romania
29 July 2009

GENERAL INFORMATION

Description of the business

A&D Pharma Holdings NV and its subsidiaries' (together "the Group") (Note 2.2) principal activities include the import, wholesale, sales and marketing and retail distribution of pharmaceutical products. The Group's operational facilities are based in Romania. The parent company, A&D Pharma Holdings NV (ADP NV or "the Company") was incorporated as a limited liability company in Delft, the Netherlands, on 24 May 2006. By means of amendment of the articles of association dated 19 June 2006, the legal form of the incorporated limited liability company was changed into a public company.

As at 30 June 2009 the Group have 3,116 employees (3,347 employees as at 31 December 2008). ADP NV has its registered office at 2 Martinus Nijhofflaan, 2624 ES Delft, Netherlands.

Shareholders structure

The shareholders of the Company as at 30 June 2009 were:

	Number of shares	Shareholding %
Sograno BV, Netherlands	117,000,000	58.5000
Defrin Investment Ltd	4,334,600	2.1673
Nezik Trading Ltd	3,818,200	1.9091
Wartfield Investments Ltd	1,272,600	0.6363
Mantin Ltd	4,454,600	2.2273
Citibank N.A. (Depositary)	69,120,000	34.5600
	200,000,000	**100**

The shareholders of the Company as at 31 December 2008 were:

	Number of shares	Shareholding %
Sograno BV, Netherlands	117,000,000	58.5000
Defrin Investment Ltd	3,614,600	1.8073
Nezik Trading Ltd	3,818,200	1.9091
Wartfield Investments Ltd	1,272,600	0.6363
Mantin Ltd	4,454,600	2.2273
Citibank N.A. (Depositary)	69,840,000	34.9200
	200,000,000	**100**

The ultimate parent company of Sograno BV is Active Pharma Invest Limited, Cyprus. The shareholders of Active Pharma Invest Limited are Charles Michel Eid, Ludovic Charles Simon Robert, Roger Akoury and Walid Abboud.

Change in management

Robert Popescu has been appointed as Chief Executive Officer on 24 April 2009 from the position of Interim Chief Executive Officer.

Board of Directors:

The Board of Directors as at 30 June 2009 comprised:

Name	Position	Appointed on
Walid Abboud	Chairman of the Board, Non-Executive Director (non-independent)	Member of the Board since 9 October 2006. On 18 September 2008 appointed Chairman of the Board.
Robert Popescu	Chief Executive Officer	On 1 August 2008 became Executive Director. On 18 September 2008 became Interim Chief Executive Officer and from 24 April 2009 Chief Executive Officer.
Roberto Musneci	Non-Executive Director and Chairman of Audit and Nomination Committees	Member of the Board since 18 September 2008.
Michael Schilling	Non-Executive Director and Chairman of Remuneration and Corporate Governance Committee	Member of the Board since 1 November 2008.
Ludovic Charles Simon Robert	Non-Executive Director and Vice-Chairman of the Board (non-independent)	Member of the Board since 9 October 2006. On 18 September 2008 became Vice-Chairman of the Board.
Roger Akoury	Non-Executive Director (non-independent)	Member of the Board since 9 October 2006.

A&D PHARMA HOLDINGS N.V.

Condensed Consolidated Statement of Financial Position as at 30 June 2009

(All amounts are expressed in EUR '000, unless otherwise stated)

	Note	30 June 2009	31 December 2008
Assets			
Non-current assets			
Property, plant and equipment	**4**	31,333	35,310
Goodwill and other intangible assets	**5**	230,867	244,301
Financial investments		68	68
Long term receivables		4,198	4,880
Deferred tax asset		2,742	2,331
Total non-current assets		**269,208**	**286,890**
Current assets			
Inventories		69,379	66,513
Accounts receivable	**6**	144,197	118,672
Other current assets	**7**	15,996	9,048
Restricted cash		620	1,194
Cash and cash equivalents		19,322	44,111
Total current assets		**249,514**	**239,538**
Total assets		**518,722**	**526,428**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital		200,000	200,000
Share premium		59,075	59,075
Translation reserve		(43,451)	(31,148)
Retained earnings/(Accumulated losses)		3,654	(5,520)
Total shareholders' equity		**219,278**	**222,407**
Non-current liabilities			
Provisions for tax and other regulatory matters	**8**	15,897	14,377
Long term payables		271	615
Deferred tax liability		4,634	5,035
Finance lease		787	1,615
Total non-current liabilities		**21,589**	**21,642**
Current liabilities			
Short term borrowings	**9**	74,325	75,578
Accounts payable, accruals and other liabilities	**10**	198,955	202,148
Restructuring provision	**8**	1,663	2,300
Current tax liability		999	45
Finance lease		1,913	2,308
Total current liabilities		**277,855**	**282,379**
Total liabilities		**299,444**	**304,021**
Total shareholders' equity and liabilities		**518,722**	**526,428**

Authorised for issue by the Board of Directors on 29 July 2009 and authorised for signature on their behalf by:

Robert Popescu
Chief Executive Officer

Dimitris Sophocleous
Chief Financial Officer

The notes 1 to 18 form an integral part of these Condensed Consolidated Interim Financial Statements

Condensed Consolidated Income Statement for the six month period ended 30 June 2009

(All amounts are expressed in EUR '000, unless otherwise stated)

	Note	6 months ended 30 June 2009	6 months ended 30 June 2008 (*)
Sales	**11**	232,900	254,126
Operating costs	**12**	(215,820)	(244,760)
Operating profit		**17,080**	**9,366**
Financial income		1,092	239
Financial expense		(6,447)	(6,822)
Financial result	**13**	**(5,355)**	**(6,583)**
Profit before taxation		**11,725**	**2,783**
Taxation		(2,551)	(1,829)
Profit for the period		**9,174**	**954**
Basic and diluted earnings per share	**14**	**0.05 €**	**0.005 €**

(*) See Note 3.1

Authorised for issue by the Board of Directors on 29 July 2009 and authorised for signature on their behalf by:

Robert Popescu	Dimitris Sophocleous
Chief Executive Officer	Chief Financial Officer

Condensed Consolidated Statement of Comprehensive Income for the six month period ended 30 June 2009

(All amounts are expressed in EUR ‘000, unless otherwise stated)

	Note	6 months ended 30 June 2009	6 months ended 30 June 2008 (*)
Profit for the period		**9,174**	**954**
Other comprehensive income/(loss)			
Foreign currency translation differences for foreign operations		(12,303)	(2,643)
Other comprehensive losses for the period, net of income tax		(12,303)	(2,643)
Total comprehensive income/(loss) for the period		**(3,129)**	**(1,689)**

The notes 1 to 18 form an integral part of these Condensed Consolidated Interim Financial Statements

A&D PHARMA HOLDINGS N.V.

Condensed Consolidated Statement of Cash Flows for the six month period ended 30 June 2009

(All amounts are expressed in EUR '000, unless otherwise stated)

	6 months ended 30 June 2009	6 months ended 30 June 2008
Cash flows from operating activities		
Profit before taxation	**11,725**	**2,783**
Adjustments for:		
Depreciation and amortization	3,768	3,960
(Gain)/loss on disposal of tangible and intangible assets	(122)	51
(Reversal of)/ Impairment losses on property, plant and equipment	(138)	251
Interest income	(1,093)	(239)
Interest expense	1,733	2,957
Unrealized foreign exchange loss/(gain)	8,145	4,848
Regulatory and tax provisions charge/(reversal)	646	(375)
Operating profit before working capital changes	**24,665**	**14,236**
Increase in receivables and prepayments	(37,234)	(40,036)
Increase in inventories	(2,866)	(9,166)
(Decrease)/increase in trade and other payables	(2,477)	37,730
Changes in working capital	**(42,577)**	**(11,472)**
Income tax paid	(686)	(2,845)
Net cash generated/(used) in operating activities	**(18,598)**	**(81)**
Cash flows from investing activities		
Purchases of property, plant and equipment	(521)	(1,625)
Purchases of intangible assets	(600)	(1,632)
Acquisition of other subsidiaries	-	(1,843)
Proceeds from sale of tangible and intangible assets	406	598
Interest received	1,172	239
Net cash generated/(used) in investing activities	**457**	**(4,263)**
Cash flow from financing activities		
Repayment of borrowings	(1,571)	(8,243)
Proceeds from borrowings	-	9,700
Lease payments	(1,343)	(1,959)
Interest paid	(2,232)	(2,990)
Net cash generated/(used) in financing activities	**(5,146)**	**(3,492)**
Translation effect	(1,502)	1,771
Net decrease in cash and cash equivalents	**(24,789)**	**(6,065)**
Cash and cash equivalents at beginning of period	**44,111**	**13,924**
Cash and cash equivalents at end of period	**19,322**	**7,859**

(All amounts are expressed in EUR '000, unless otherwise stated)

	Share capital	Share premium	Translation reserve	Accumulated profit/ (losses)	Total
Balance as at 1 January 2008	**200,000**	**59,075**	**(6,165)**	**(3,226)**	**249,684**
Profit for the period	-	-	-	954	954
Other comprehensive income/(loss)					
Foreign currency translation differences	-	-	(2,643)	-	(2,643)
Total comprehensive income/(loss) for the period			**(2,643)**	**954**	**(1,689)**
Balance as at 30 June 2008	**200,000**	**59,075**	**(8,808)**	**(2,272)**	**247,995**

	Share capital	Share premium	Translation reserve	Accumulated profit/(losses)	Total
Balance as at 1 January 2009	**200,000**	**59,075**	**(31,148)**	**(5,520)**	**222,407**
Profit for the period	-	-	-	9,174	9,174
Other comprehensive income/(loss)					
Foreign currency translation differences	-	-	(12,303)	-	(12,303)
Total comprehensive income/(loss) for the period	**-**	**-**	**(12,303)**	**9,174**	**(3,129)**
Balance as at 30 June 2009	**200,000**	**59,075**	**(43,451)**	**3,654**	**219,278**

The Group is not allowed to declare and pay dividends without prior consent of Citibank.

1 REPORTING ENTITY

These condensed consolidated interim financial statements (alternatively referred to hereinafter as the "financial statements") are presented by A&D Pharma Holdings N.V. ("ADP NV" or "the Company") and they incorporate the results of the Company and its subsidiaries (together the "Group" or separately the "Entity" or "Entities"), as at and for the six months ended 30 June 2009.

2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by International Accounting Standards Board ("IASB") as adopted by European Union ("EU"). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at for the year ended 31 December 2008. These are not the statutory accounts of the Group, nor are the financial statements intended for the statutory filing purposes.

These condensed consolidated interim financial statements are prepared based on the statutory records of the Entities, which are maintained on a going concern basis under the historical cost convention except for the derivative financial instruments, measured at fair value and financial instruments measured at amortized cost.

The preparation of these condensed consolidated interim financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates (Note 16).

(All amounts are expressed in EUR '000, unless otherwise stated)

2.2 Functional currency

Based on the primary economic environment in which the group entities operate and taking into account the other factors as described in IAS 21 "The effects of changes in foreign exchange rates", the functional currencies of individual consolidated Group entities were determined as follows:

- ADP NV – EUR
- A&D Pharma Holdings SRL –Romanian Leu ("RON")
- Mediplus Exim SRL – Romanian Leu ("RON")
- Sensiblu SRL – Romanian Leu ("RON")
- Farmacia Titan SRL - Romanian Leu ("RON")
- Lauren Finance IFN SA– Romanian Leu ("RON")

The RON is not convertible outside Romania. The Management of the Group has decided to adopt EUR as presentation currency for the purpose of condensed consolidated interim financial statements.

The balance sheet items have been translated into EUR by dividing the RON amounts at the National Bank of Romania ("NBR") official exchange rates as at the date of each balance sheet, as set out below:

	30 June 2009	**31 December 2008**	**30 June 2008**
RON / 1 EUR	4.2067	3.9852	3.6475

The income statement items for the six month period ended 30 June 2009 were translated using the RON/EUR monthly average exchange rates. The translation of the statement of financial position and income statement items into the presentation currency gave rise to a translation reserve. Cash flows are translated using appropriate average exchange rates. Components of equity are not retranslated.

Such computations and presentation of amounts in EUR should not be construed as a representation that the RON amounts have been or could be converted into EUR at these rates or any other rates.

2.3 Going concern

Management is satisfied that it is appropriate to prepare these financial statements on a going concern basis. The Management position is based on the following facts:

a) The Group has recorded a positive net result EUR 9,174 thousand.

b) As at 30 June 2009, the current liabilities exceed the current assets by EUR 28,341 thousand because of the loan facility falling due in August 2009.

As at 30 June 2009, the Group has received firm commitments from five banks to participate in a long term Club Loan that will refinance the existing Secured Syndicated Facility with CITIBANK of EUR 100 million. At the date of these financial statements the Group is in the final stage of negotiating the Club Loan agreement.

At the balance sheet date, the ability to continue the Group's operations as a going concern is dependent on the continued financial support from financial institutions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in the consolidated financial statements as at and for the year ended 31 December 2008.

3.1 Comparative figures

The financial statements for the period ended 30 June 2009 are comparable to the financial statements for the period ended 30 June 2008. Where necessary, comparative figures have been reclassified in order to match the changes in the presentation of the current year financial statements.

a) *Reclassification in income statement of the foreign exchange difference*

In 2008, the Group has changed in the income statement the classification of the suppliers' foreign exchange differences together with hedging cost from operating result into financial result, in order to provide a more relevant presentation on the effect of changes in foreign exchange rates on the Group's performance.

The new presentation into the financial result was entailed by the fact that starting with 2008, increasing foreign exchange losses could not be covered by operations through corresponding increases in sales. The Ministry of Health has blocked the actualization of selling price with the foreign exchange modifications. Moreover in 2009, the Ministry of Health has decided that the purchase prices will be computed based on a fixed exchange rate.

In conclusion, management considered that these costs should not affect anymore the operational result, being out of the control of the operational management.

As a consequence, the impact on the prior year income statement is a decrease of operating costs by EUR 2,620 thousand and an equivalent increase of financial expense.

(All amounts are expressed in EUR '000, unless otherwise stated)

4 PROPERTY, PLANT AND EQUIPMENT

	Land & buildings	Leasehold improvements	Computers & electronic equipment	Motor vehicles	Fixtures & fittings	Assets in course of construction	Total
Net book amount as of 1 January 2009	20,339	3,793	1,362	7,158	2,329	329	35,310
Additions	-	4	227	12	165	233	641
Transfers	-	173	48	6	47	(274)	-
Disposals	-	(54)	(2)	(190)	(8)	-	(254)
Depreciation charge	(216)	(692)	(406)	(893)	(417)	-	(2,624)
Impairment reversal	-	89	20	-	29	-	138
Translation differences	(1,071)	(202)	(72)	(391)	(125)	(17)	(1,878)
Closing net book amount as of 30 June 2009	**19,052**	**3,111**	**1,177**	**5,702**	**2,020**	**271**	**31,333**
Cost	20,412	8,340	4,801	9,975	4,179	623	48,330
Accumulated depreciation	(1,128)	(5,094)	(3,572)	(4,273)	(2,080)	-	(16,147)
Impairment provision	(232)	(135)	(52)	-	(79)	(352)	(850)
Closing net book amount as of 30 June 2009	**19,052**	**3,111**	**1,177**	**5,702**	**2,020**	**271**	**31,333**

(All amounts are expressed in EUR '000, unless otherwise stated)

Additions to assets under construction represent mostly improvements made for pharmacies which have not been delivered until the period end.

The reversal of impairment on leasehold improvements relates to pharmacies that had been in course of relocation or refurbishment as at 31 December 2008 and were then reopened during 2009.

Bank borrowings are secured over buildings and land with a net book value of EUR 16,209 thousand as at 30 June 2009 (EUR 17,333 thousand as at 31 December 2008).

Included above are leased assets (mainly electronic equipment, motor vehicles and trucks), where the Group is a lessee under a finance lease as follows:

	30 June 2009	31 December 2008
Cost – capitalised finance leases	8,947	10,431
Accumulated depreciation	(4,055)	(4,205)
Net book value	**4,892**	**6,226**

5 GOODWILL AND OTHER INTANGIBLE ASSETS

As at 30 June 2009, for impairment purposes, management has allocated goodwill to the Group's two main cash generating units, Mediplus Exim SRL – EUR 156,713 thousand and Sensiblu SRL – EUR 29,030 thousand. The Goodwill was allocated taking into account the enterprise value in use, assessed by the independent valuator for each unit and its net assets upon being acquired.

As at 30 June 2009 management tested goodwill, brands and licenses, as well as non-current fixed assets for impairment (see Note 16) and concluded that these assets are not impaired as at that date.

(All amounts are expressed in EUR '000, unless otherwise stated)

	Goodwill	Brand Sensiblu	Pharmacy licences	Software and other	Intangibles in progress	Total
Net book amount as of 1 January 2009	**196,068**	**41,521**	**1,089**	**2,294**	**3,329**	**244,301**
Additions	-	-	-	81	519	600
Transfers	-	-	4	349	(353)	-
Disposals	-	-	(30)	-	-	(30)
Amortisation charge	-	-	(250)	(894)	-	(1,144)
Impairment	-	-	-	-	-	-
Translation reserve	(10,325)	(2,186)	(59)	(120)	(170)	(12,860)
Closing net book amount as of 30 June 2009	**185,743**	**39,335**	**754**	**1,710**	**3,325**	**230,867**
Cost	185,743	39,335	1,836	5,407	3,325	235,646
Accumulated amortisation	-	-	(1,082)	(3,697)	-	(4,779)
Closing net book amount as of 30 June 2009	**185,743**	**39,335**	**754**	**1,710**	**3,325**	**230,867**

(All amounts are expressed in EUR '000, unless otherwise stated)

6 ACCOUNTS RECEIVABLES

	30 June 2009	31 December 2008
Trade receivables	143,046	116,375
Trade receivables from related parties (Note 15)	6,105	6,634
Impairment of trade receivables	(4,954)	(4,337)
	144,197	**118,672**

Amortised cost of trade receivables was computed based on an effective weighted average interest rate of 6.18% for the six month period ended 30 June 2009 (2008: 7.51%).

As at 30 June 2009 bank borrowings (Note 9) are secured over EUR 144,197 thousand from the above trade receivables balance (31 December 2008: EUR 118,672 thousand).

The fair value of trade receivables (including related parties) as at 30 June 2009 is EUR 148,876 thousand (31 December 2008: EUR 129,015 thousand).

7 OTHER CURRENT ASSETS

	30 June 2009	31 December 2008
Other receivables from related parties (Note 15)	11,325	189
Sundry debtors, net	1,911	1,195
Prepayments	1,790	756
Advances to suppliers	279	157
Other receivables from shareholders (Note 15)	268	219
Loans receivable from key management personnel (Note15)	265	-
Loans receivable from customers	115	111
VAT recoverable	43	157
Hedging receivables	-	5,676
Current tax assets	-	588
	15,996	**9,048**

(All amounts are expressed in EUR '000, unless otherwise stated)

8 PROVISIONS FOR TAX AND OTHER REGULATORY MATTERS

The Group has recorded provisions for tax, restructuring costs and other regulatory matters.

The movement in these provisions during the first half year of 2009 is detailed below:

	31 Dec 2008	Translation difference	Expense during the period	Release during the period	**30 June 2009**
Long term provision	14,377	(756)	2,276	-	15,897
Restructuring provision	2,300	(121)	-	(516)	1,663
	16,677	**(877)**	**2,276**	**(516)**	**17,560**

Restructuring provision

The release in amount of EUR 516 thousand in short term provision for the period ended 30 June 2009 represents the equivalent of the cost incurred by the Group with the restructuring process undertaken in the first half of 2009.

Long term provisions

The legal and fiscal environment in Romania and its implementation in practice can change and is subject to different interpretation by various Ministries of the Government and their agencies that are authorised to conduct audits ("controls") of Romanian companies. Management has therefore made provision for tax or other liabilities in the financial statements where they consider that tax or other authorities could take differing positions with regard to the interpretation of these issues.

As at 30 June 2009, the management has upgraded the provision for general risks, according to the new regulations in place for the pharma market and Romanian business environment.

In the case of Competition Council litigation, on 11 July 2008, Bucharest Court of Appeal has ruled in favour of the suspension of the Romanian Competition Council's decision to impose a fine on Mediplus Exim SRL. Since that date, the litigation is ongoing. Management will continue the legal proceedings in order to obtain the cancellation of the Competition Council's decision. Management estimates that the risk is unchanged compared to the previous year.

(All amounts are expressed in EUR '000, unless otherwise stated)

9 SHORT TERM BORROWINGS

The short term borrowings are presented as follows:

Lender	Interest at 30 June 2009	31 Dec 2008	Reimbursements	Withdrawals	30 June 2009
Facility A	EURIBOR 3m + 2.65% p.a.	9,429	(1,571)	-	7,858
Facility B1	EURIBOR 1m + 2.4% p.a.	66,518	-	-	66,518
Prepaid fees		(369)	318	-	(51)
Total short term borrowings		**75,578**	**(1,253)**	**-**	**74,325**

The Citibank Loan Agreement contains certain affirmative covenants, including, without limitation, certain financial ratio covenants to be observed and, in some cases, restrictions on dividend payments, unless a certain debt/EBITDA ratio is met.

As at 30 June 2009, due to the reclassification of the loan from long term to short term, the Group is currently in default regarding the liquidity position (current assets to current liabilities ratio), required by Citibank.

The financial ratios not complied with as at 30 June 2009 are:

Ratio	The value of the ratio according to contractual clauses	Realized value
Liquidity ratio (current assets to current liabilities)	1	0.9

10 ACCOUNTS PAYABLES, ACCRUALS AND OTHER LIABILITIES

	30 June 2009	31 December 2008
Trade payables	192,136	192,786
Accrued labour costs	2,604	3,842
VAT and other tax payables	1,617	2,258
Amounts owing to related parties (Note 15)	289	936
Interest payable	81	277
Other payables	2,228	2,049
	198,955	**202,148**

Amortised cost of trade payables was computed based on an effective weighted average interest rate of 8.65% for the six month period ended 30 June 2009 (2008: 9.36%).

The fair value of trade payables (including related parties) as at 30 June 2009 is EUR 200,713 thousand (31 December 2008: EUR 199,967 thousand).

(All amounts are expressed in EUR '000, unless otherwise stated)

11 SALES

	6 months ended 30 June 2009	6 months ended 30 June 2008
Revenues from goods sold	230,208	249,372
Revenues from services	2,442	4,085
Other revenues	250	669
	232,900	**254,126**

12 OPERATING COSTS

	6 months ended 30 June 2009	6 months ended 30 June 2008 (see Note 3.1)
Cost of sales	175,262	192,025
Labour costs	18,979	22,818
Rent and administrative expenses	8,299	9,402
Other third party services	4,424	9,190
Advertising and promotion	1,953	3,142
Depreciation and amortization	3,768	3,960
(Reversal of)/ Impairment charge for property, plant and equipment	(138)	251
Provision for inventories expense/ (reversal)	511	(307)
Inventory write off	459	954
Penalties and fines	568	1,542
Receivables write off	819	303
Net movement in regulatory provisions, loss/(gain)	646	(83)
Other expenses	270	1,563
	215,820	**244,760**

13 FINANCIAL RESULT

	6 months ended 30 June 2009	6 months ended 30 June 2008 (see Note 3.1)
Foreign exchange differences, net	(4,000)	(3,493)
Interest income	1,093	239
Interest expense	(2,278)	(2,816)
Interest expense/(income) financial instruments	545	(141)
Other financial expenses	(715)	(372)
	(5,355)	**(6,583)**

(All amounts are expressed in EUR '000, unless otherwise stated)

14 EARNINGS PER SHARE

Basic earnings per share (EPS) amounts are calculated by dividing net profit or loss for the year attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after deducting interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

A capitalisation which has the effect of increasing the number of shares in issue without any inflow of resources and further ordinary shares are issued to existing shareholders for no consideration - the additional shares should be treated as having been in issue for the whole period as also included in the EPS calculation of all earlier periods.

As at period end, basic and diluted earnings per share value are as follows**:**

	30 June 2009
Net profit	9,173
Number of shares	200,000,000
Basic and diluted earnings per share (€)	0.05

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

15 RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosure". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely to the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions during the period ended 30 June 2009 or had significant balances outstanding at 30 June 2009 are detailed below. Transactions were entered into with related parties during the ordinary course of business on both normal and preferential commercial terms.

Controlled by the same ultimate shareholders	**Activity**	**Country of incorporation**
Miniblu SRL	Baby clothing and toys	Romania
Optical Network SRL	Optical products	Romania
Fleet Management Services SRL	Car fleet maintenance	Romania
Iris Diagnostic SRL (former Sensiblu Optica)	Medical services	Romania
Centrul Medical Diagnosis (former Cristal Diagnostic SRL)	Laboratory tests	Romania
Gemisa Business Services SRL	Services	Romania
Gemisa Investment Ltd	Holding company of Gemisa Business Services SRL	Cyprus
Oxigen Plus SRL	Oxigen products distribuitor	Romania
Loyalty Insurance Broker SRL	Insurance broker	Romania
Adkit Serv SRL	Management Services	Romania
Grup 3 Contracting SRL	Construction	Romania
Arishop Pharma	Importer and distributor of pharmaceutical products	Bulgaria
Ozone Laboratories SRL	Pharmaceutical manufacturer	Romania
Ozone Laboratories LTD	Holding company of Ozone companies	UK
Wave Pharma	Food supplements distribution	Cyprus
Fabiol SA	Pharmaceutical manufacturer	Romania
Sograno BV	Holding company	The Netherlands

Other related party	**Activity**	**Country of incorporation**
Serban & Musneci Associates SRL	Consultancy	Romania

Non consolidated subsidiaries	**Activity**	**Country of incorporation**
Elantis Farm SRL	Importer and distributor of pharmaceutical products	Moldova
A&D Pharma Hungary Kft	Importer and distributor of pharmaceutical products	Hungary
Pharma Medical Promoter	Medical devices	Romania
ADP Consultanta SRL	Management consultancy	Romania
A&D Pharma Marketing & Sales Services SRL	Importer and distributor of pharmaceutical products	Romania

Subsidiaries not consolidated as at 30 June 2009 were considered to be immaterial for the financial position and performance of the Group:

(All amounts are expressed in EUR '000, unless otherwise stated)

	A&D Pharma Hungary Kft	Elantis Farm (Joint Venture)	Pharma Medical Promoter	Total
% share owned	100%	50%	100%	
Assets	574	114	144	**832**
Liabilities	(1,112)	(23)	(195)	**(1,330)**
Equity	538	(91)	51	**498**
Loss for the period	201	14	105	**320**

ADP Consultanta SRL and A&D Pharma Marketing & Sales Services SRL were incorporated in February 2009 and May 2009, respectively and none of them incurred any activity up to the reporting date.

	ADP Consultanta SRL	A&D Pharma Marketing & Sales Services SRL
% share owned	100%	100%
Equity	235 EUR	236 EUR

During the period, the following transactions were carried out with related parties:

Sales of goods and services	6 months ended 30 June 2009	6 months ended 30 June 2008
Ozone Laboratories SRL	156	1,774
A&D Pharma Hungary Kft	137	118
Miniblu SRL	58	78
Elantis Moldova	44	114
Optical Network SRL	36	55
Arishop Pharma	35	-
Wave Pharma	24	-
Consumer Product Network SRL	-	66
	490	**2,205**

Purchases of goods and services	6 months ended 30 June 2009	6 months ended 30 June 2008
Ozone Laboratories SRL	14,061	14,140
Fleet Management Services SRL	414	406
Loyalty Insurance Broker SRL	188	41
Optical Network SRL	117	50
Miniblu	106	-
Serban and Musneci Associates SRL	80	-
Adkit Serv SRL	28	31
Fabiol	11	-
Iris Diagnostic SRL	6	6
Others	6	4
Avia Travel&Tour SRL	-	1,122
Consumer Product Network SRL	-	369
Centrul Medical Diagnosis SA	-	4
	15,017	**16,173**

(All amounts are expressed in EUR '000, unless otherwise stated)

Purchases of property plant and equipment	6 months ended 30 June 2009	6 months ended 30 June 2008
Grup 3 Contracting SRL	-	518
Gemisa Business Services	10	-
	10	**518**

The following balances were outstanding with related parties:

Trade receivables from related parties	30 June 2009	31 December 2008
Ozone Laboratories SRL	5,177	5,270
Ozone Laboratories Ltd	364	384
A&D Pharma Hungary KFT	185	51
Miniblu SRL	143	79
Optical Network SRL	142	211
Others	93	42
Elantis Farm SRL	1	137
Employees	-	409
Consumer Product Network SRL	-	51
	6,105	**6,634**

Other receivables from related parties	30 June 2009	31 December 2008
Ozone Laboratories SRL	9,516	63
Arishop Pharma	1,700	-
Miniblu SRL	29	30
Oxigen Plus SRL	34	36
Optical Network SRL	44	46
Others	2	14
	11,325	**189**

Trade and other payables to related parties	30 June 2009	31 December 2008
Optical Network SRL	140	110
Fleet Management Services SRL	86	78
Miniblu SRL	23	37
Serban and Musneci Associates SRL	21	-
Others	19	12
Ozone Laboratories SRL	-	333
Avia Travel&Tour SRL	-	292
Puls Media Network SRL	-	34
Loyalty Insurance Broker SRL	-	23
Grup 3 Contracting SRL	-	1
Centrul Medical Diagnosis SRL	-	13
Consumer Product Network SRL	-	3
	289	**936**

(All amounts are expressed in EUR '000, unless otherwise stated)

Balances due from shareholders	30 June 2009	31 December 2008
To recover from founding shareholders	268	219
Net amount due from shareholders	**268**	**219**

Other transactions and balances with key management personnel

	6 months ended 30 June 2009	6 months ended 30 June 2008
Loans to key management personnel	**265**	**-**

Executive Directors of the Company control 4.8% of the voting shares of the Group's parent company, while the 4 founding shareholders control 58.5% of the voting shares of the Group's parent company through Sograno BV. The founding shareholders are acting as Non-Executives Directors of the company.

The salary costs incurred with the Board members are presented below:

	6 months ended 30 June 2009	6 months ended 30 June 2008
Board of Directors Salaries	**659**	**1,314**

Loans granted to related parties

Loans to A&D Pharma Hungary	30 June 2009	31 December 2008
Loan - principal	772	452
Interest income	35	13
	807	**465**

16 USE OF ESTIMATES

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.

Except as described below, in preparing these financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the period ended 31 December 2008.

Discount accruals

Management accrues discounts from suppliers/customers based on the volumes of goods or services acquired/sold over the six month period ended 30 June 2009.

(All amounts are expressed in EUR '000, unless otherwise stated)

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are 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).

Identification of cash generating units requires judgment and is based on ability to generate independent cash inflows. Both the wholesale and retail segments are treated by the Management as cash generating units as their operations are interdependent and there are no smaller units that have the ability to generate revenues largely independent from others within the Group

Goodwill is allocated at the acquisition date before the end of the first annual reporting period. As at 30 June 2009 management tested goodwill, brands and licenses for impairment. Goodwill acquired through business combination, indefinite lived intangibles and net book value of fixed assets have been allocated to cash generating units as follows:

Cash-generating unit	Carrying amount of goodwill	Carrying amount of indefinite lived brand	Carrying amount of pharmacy licenses	Carrying amount of tangible assets	**Total carrying value**	**Value in use**	**Excess of recoverable amount over carrying amount**
Wholesale and Sales and Marketing	156,713	-	-	24,710	181,423	213,002	31,579
Retail	29,030	39,335	754	6,349	75,468	94,443	18,975
	185,743	**39,335**	**754**	**31,059**	**256,891**	**307,445**	**50,554**

In determining the values in use, the Management uses five-year detailed free cash flow forecasts (for period 2009-2013) and then simplified free cash flow forecasts in perpetuity with a discount rate of 10.2% (2008: 10.2%), using data for 2013. The value in use of the cash generating units was based on a growth factor of 2% for all cash flows beyond the detailed projections, which reflects the minimum expected long-term growth rate for the market.

The key assumptions in the value in use calculations determining recoverable amounts for the specific cash-generating units noted above are:

Classic Wholesale and Sales and Marketing segment

For the wholesale and sales and marketing business, the Group projects sales and gross margins by product group based on estimated market growth dynamics and expected market shares. Management believes the assumed improvements and margins are reasonably achievable, due to the following factors:

- the current gap between neighbour emerging pharmaceutical markets' healthcare cost per capita and the Romanian one, which proves high development potential of the Romanian pharmaceutical market over the fore-coming years;
- the health budget expenditure has been increased for 2009;
- the purchase power of Romanian consumers is expected to increase;

The projected EBITDA percent in revenue is in line with Central and Eastern European pharmaceutical markets between 2009 and 2013.

The sensitivity analysis of value in use to changes in discount rate reveals a breakeven point for Wholesale and Sales and Marketing segment at a level of 11.97%, which would imply an increase in borrowing cost by 157%. Management considers that it is not reasonably possible for the borrowing costs to increase that much.

Retail segment

For the retail business, the Group based its forecasts on the projected future number of pharmacies, and how sales per pharmacy are expected to evolve. Management believes the assumed improvements and margins are reasonably achievable, due to the following factors:

- the current gap between neighbouring emerging pharmaceutical markets' healthcare cost per capita and the Romanian one, which proves high development potential of the Romanian pharmaceutical market over the fore-coming years;
- the health budget expenditure has been increased for 2009;
- the purchase power of Romanian consumers is expected to increase;
- starting 1 October 2008, Government Decision no. 1225/2008 abrogated the ceilings for compensated and free of charge drugs sold at pharmacy level;
- past experience in respect of growth rates for retail segment has proven that Sensiblu exceeds the market trends.

The projected EBITDA percent in revenue is in line with Central and Eastern European pharmaceutical markets between 2009 and 2013.

The sensitivity analysis of value in use to changes in discount rate reveals a breakeven point for Retail segment at a level of 11.82%, which would imply an increase in borrowing cost by 143%.

Management considers that it is not reasonably possible for the borrowing costs to increase that much.

Pre-acquisition carrying amounts were determined based on applicable IFRSs immediately before the acquisition. The value of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values.

Following these tests, Management has reached the conclusion that the above-mentioned assets are not impaired as at 30 June 2009.

Management is confident that the projections are reasonable in the context of consolidating the leadership position on the local market.

17 CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

(i) Contingencies

a) Taxation

On 1 January 2007 Romania became a member of the European Union and therefore has to apply detailed and complex rules on the basis of the EU Treaties, Regulations and Directives. The Group has to conform to EU legislation from 1 January 2007 and, therefore, it has prepared to apply the changes arising from the EU legislation. These changes have been implemented, however the tax authorities have up to 5 years to audit the way these changes were implemented.

Interpretation of the text and practical implementation procedures of the newly enforced EU tax regulations could vary, and there is a risk that certain transactions, for example, could be viewed differently by the tax authorities as compared to the Group's treatment.

Furthermore, the Romanian Government has a number of agencies that are authorized to conduct audits (controls) of companies operating in Romania. These controls are similar in nature to tax audits performed by tax authorities in many countries, but may extend not only to tax matters but to other legal and regulatory matters in which the applicable agency may be interested. It is likely that the Group will continue to be subject to regular controls as new laws and regulations are issued.

Even if the current Romanian Fiscal Code is intended to create a stable tax framework, tax legislation can be subject to significant changes and contradictory interpretations, which may apply retroactively. Moreover, in practice, the tax authorities can take a strong approach and assess additional tax liabilities and related late payment penalties (2009: 0.1% per day) based on their individual interpretations of the tax legislation. As a result, penalties and delay payment interest could result in a significant amount payable to the Romanian State.

Contingent liabilities may arise in relation to additional tax assessments that may be imposed by the tax authorities as a result of reviews performed. Corporate tax returns can be subject to review by tax authorities within a 5-year period.

b) Legal proceedings

During the period, the Group was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of Management, based on legal advice, there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or financial position of the Group and which have not been accrued or disclosed in these condensed consolidated interim financial statements.

c) Transfer pricing

The Romanian Fiscal legislation includes detailed regulations regarding transfer pricing between related parties and includes specific methods for determining transfer prices between related prices at arm's length. The Company entered into various transactions with entities within the Group, as well as other transactions with related parties.

Transfer pricing documentation requirements have been introduced in the Romanian Fiscal Procedure Code in 2006 so that taxpayers who carry out transactions with affiliated parties are required to prepare a transfer pricing file that needs to be presented to the tax authorities upon request. In practice, the Romanian tax authorities may request additional specific documentation on a case-to-case basis.

In light of this, if observance of arm's length principle cannot be proved, a future tax control could challenge the values of transactions between related parties and adjust the fiscal result with additional taxable revenues/non-deductible expenses (i.e. assess additional profit tax liability and related penalties).

d) Competition laws

Competition laws regulate transactions between all companies and are administered by the Competition Council. Any Prohibited Practices found to exist may be subject to an Anti-Trust Fine for each offence. The fine may be up to 10% of the annual turnover for the financial year prior to the decision being made.

e) Insurance policies

The Group holds insurance policies covering its office building, warehouses and inventory balances as well as insurance policies covering its losses resulting from malpractice for the retail business. The Group holds no other insurance policies in relation to its assets, operations, product liability, or in respect of public liability or other insurable risks.

f) Operating environment

Although Romania is a member of the European Union starting with 1 January 2007, the Romanian economy has some characteristics of an emergent market, such as a high current account deficit, a financial market relatively undeveloped and fluctuations in the foreign currency exchange rates.

Currently, the international financial markets feel the effects of the mortgage market decline from the United States and elsewhere. Those effects were felt by the Romania financial market in the form of fall in prices and liquidity on the capital markets and through an increase in the medium term financing interest rates due to the global crisis of liquidity.

The ongoing fears that the deteriorating financial conditions could contribute, at a later stage to a further retrenchment in confidence, prompted a coordinated effort of governments and Central Banks to adopt special measures aimed at countering a vicious circle of growing risk aversion and to helping restoring normal market functioning.

(All amounts are expressed in EUR '000, unless otherwise stated)

The identification and valuation of investments influenced by the illiquid credit market conditions, the determination of compliance with debt agreement and other executory contract covenants, and the evaluation of significant uncertainties, including uncertainties associated with an entity's ability to continue as a going concern for a reasonable period of time, bring their own challenges.

Management has assessed and recorded in the condensed consolidated interim financial statements an overarching provision for a total amount of EUR 17,560 thousand, as at 30 June 2009 (Note 8).

g) Contingent liabilities from joint promotion agreement

The group has concluded in 2007 a joint promotion agreement with a financing partner for the distribution of credit cards through the Sensiblu Pharmacy network for which the Group has received an upfront payment of EUR 500 thousand. The contract agreement stipulates a minimum target of credit cards to be released in a two year period. In the event the target is not achieved the Group will become liable to reimburse an equal amount with the value of the unrealized target.

Management is confident that repayment of the initial upfront payment is unlikely, but liabilities may arise in relation to the under achievement of the initial contractual commitments.

(ii) Contractual commitments

a) Operating lease contracts for pharmacies

The Group has operating lease contracts for pharmacies location in total amount of EUR 28.3 million, for a period from 1 to 13 years, with future minimum lease payments as follows:

i) less than 1 year EUR 10.1 million;
ii) between 1 and 5 years EUR 13.1 million;
iii) more than 5 years EUR 5.1 million.

b) Guarantees

- As at 30 June 2009, the Group has given guarantees amounting to EUR 8,082 million to third parties.

Bank	**Off Balance Sheet**	**Recorded in Balance Sheet**
Royal Bank of Scotland	8,082	-
Total	**8,082**	**-**

- As at 30 June 2009 the Group has an agreement with Royal Bank of Scotland Romania for the purpose of issuing of letters of guarantee. The Group used EUR 8,082 thousand from the facility. The unused facility available to the Group as at 30 June 2009 is in amount of EUR 1,918 thousand. The value of the bank facility for issuing letters of guarantee is in amount of EUR 10,000 thousand.

(All amounts are expressed in EUR '000, unless otherwise stated)

18 SEGMENT INFORMATION

Statement of income

Six months ended 30 June 2009	**Classic Wholesale**	**Sales & Marketing**	**Total wholesale business**	**Retail**	**Unallocated corporate income and expenses**	**Eliminations**	**Group**
Sales	164,579	24,729	189,308	87,080		(43,488)	232,900
Operating cost	(149,227)	(21,678)	(170,905)	(85,436)	(2,967)	43,488	(215,820)
Operating profit/(loss)	**15,352**	**3,051**	**18,403**	**1,644**	**(2,967)**	**-**	**17,080**
Finance costs, net			(2,981)	(1,508)	(866)		(5,355)
Profit/(loss) before taxation			**15,422**	**136**	**(3,833)**	**-**	**11,725**
Income tax expense			(2,226)	30	(355)		(2,551)
Net profit/(loss) for the period			**13,196**	**166**	**(4,188)**	**-**	**9,174**
Depreciation charge	(750)	(677)	(1,427)	(2,162)	(41)	-	(3,630)

(All amounts are expressed in EUR '000, unless otherwise stated)

Balance sheet

As at 30 June 2009	**Classic wholesale**	**Sales & Marketing**	**Total wholesale business**	**Retail**	**Corporate**	**Eliminations**	**Group**
Segment assets	265,261	17,059	282,320	69,394	222,720	(55,712)	518,722
Segment liabilities	226,999	6,508	233,507	88,784	20,827	(43,674)	299,444
Total liabilities	**226,999**	**6,508**	**233,507**	**88,784**	**20,827**	**(43,674)**	**299,444**
Capital expenditure			475	766	-	-	1,241
Balance sheet							
Capital expenditure			475	766	-	-	1,241

(All amounts are expressed in EUR '000, unless otherwise stated)

Statement of income

Six months ended 30 June 2008	**Classic Wholesale**	**Sales & Marketing**	**Total wholesale business**	**Retail**	**Unallocated corporate income and expenses**	**Eliminations**	**Group**
Sales	174,295	47,986	222,281	71,277	-	(39,432)	254,126
Operating cost	(166,153)	(41,340)	(207,493)	(72,427)	(4,272)	39,432	(244,760)
Operating profit/(loss)	**8,142**	**6,646**	**14,788**	**(1,150)**	**(4,272)**	**-**	**9,366**
Finance costs, net			(5,910)	(99)	(574)	-	(6,583)
Profit/(loss) before taxation	**-**	**-**	**8,878**	**(1,249)**	**(4,846)**	**-**	**2,783**
Income tax expense			(1,045)	287	(1,071)	-	(1,829)
Net profit/(loss) for the period	**-**	**-**	**7,833**	**(962)**	**(5,917)**	**-**	**954**
Depreciation charge	(1,560)	(698)	(2,258)	(1,885)	(68)	-	(4,211)

(All amounts are expressed in EUR '000, unless otherwise stated)

Balance sheet

As at 31 December 2008	Classic wholesale	Sales & Marketing	Total wholesale business	Retail	Corporate	Eliminations	Group
Segment assets	243,099	36,256	279,355	61,452	233,318	(47,698)	526,427
Total assets	**243,099**	**36,256**	**279,355**	**61,452**	**233,318**	**(47,698)**	**526,427**
Segment liabilities	219,278	20,996	240,274	81,936	17,148	(35,337)	304,021
Total liabilities	**219,278**	**20,996**	**240,274**	**81,936**	**17,148**	**(35,337)**	**304,021**
Capital expenditure			3,813	7,530	1,362	-	12,705