GOING THE EXTRA MILE

Annual report 2011

MEDIQ

2011 HIGHLIGHTS

- Net sales increased by 1% as a result of acquisitions (6%), a change in the presentation of two major Swedish distribution contracts (– 4%) and currency effects (– 1%).
- Organic sales were flat. Growth in Direct & Institutional was offset by a decrease in wholesaling sales at Pharmacies Netherlands and Poland as a result of strong price competition.
- Organic sales growth at Direct & Institutional amounted to 3%. Robust growth in the Netherlands (Direct), Denmark, and Sweden was partly offset by the loss of a contract for pharmaceuticals and sustained price pressure for medical devices (both in the Dutch hospital market) and lower sales of diabetes supplies in Germany and the United States.
- EBITA from ordinary activities up 7%, driven largely by acquisitions in Direct & Institutional.
- EBITA increased 1%; 2010 included a significant contribution from non-operational results.
- Increase in EBITA margin from ordinary activities mainly due to higher margin at Direct & Institutional (9.1% compared to 9.0% in 2010) and higher share of Direct & Institutional in total group sales.
- Net earnings per share from ordinary activities increased by 8%, in line with increase in EBITA from ordinary activities.
- Net result decreased by 4% due to higher amortisation of customer relationships.
- Acquisitions in Germany, the Netherlands, France, Norway and Sweden significantly strengthened our position in Direct & Institutional.
- Pharmacies Netherlands well-positioned for market liberalisation; integrated pharmaceutical care programme in place.
- Weak performance of wholesale operations in Poland.
- Solid financial position due to robust operating cash flow and increased maturities of loans portfolio as a result of successful refinancing of $ 150 million.

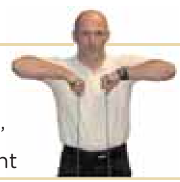
Going the extra mile

In the photographs we show examples of Mediq employees going the extra mile, alhough there are much more examples to give.
The image pages allow you to catch a glimpse of the world of Mediq. A world in which care for the patient is at the center of everything we do.



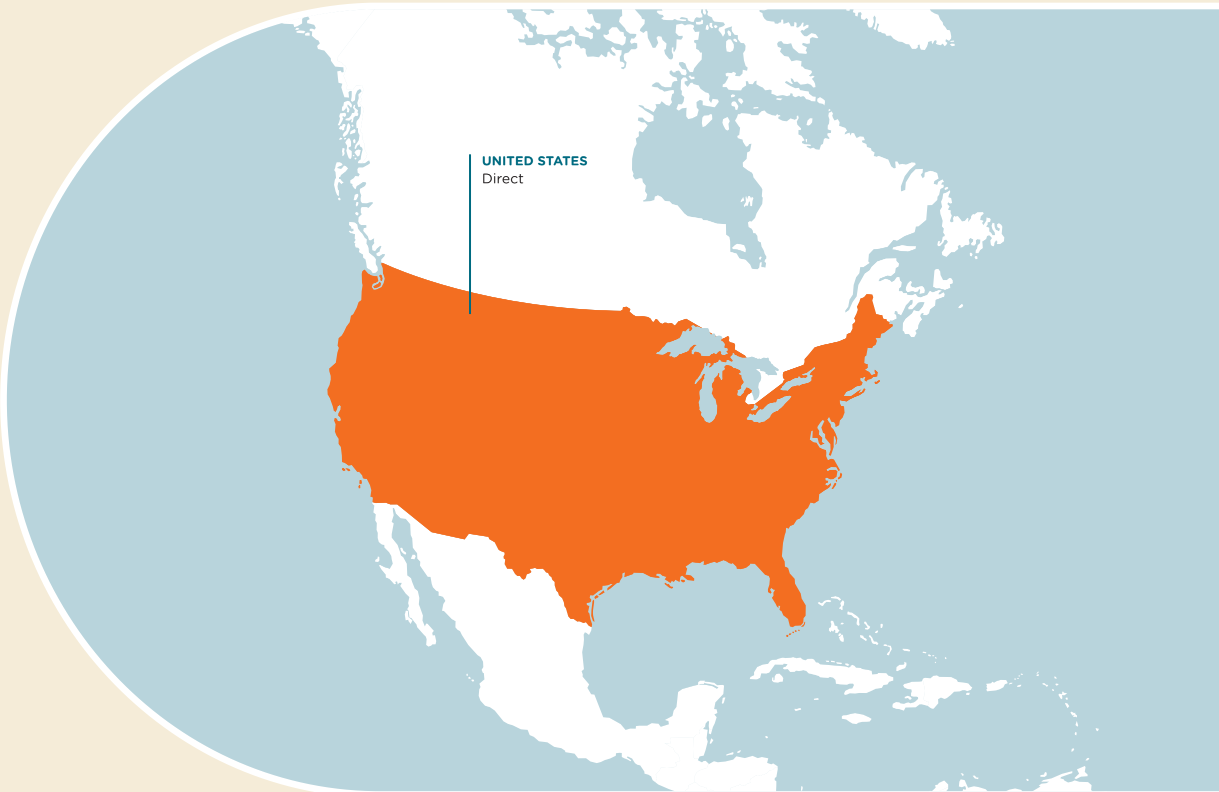




MEDIQ AT A GLANCE

Mediq is an international healthcare company delivering medical devices, pharmaceuticals and related care services. The patient is at the center of everything we do. Mediq delivers via three distribution channels: directly to people's homes ('direct'), via professional healthcare customers such as hospitals and care institutions ('institutional') and via Mediq pharmacies.



DIRECT

Mediq delivers specialist medical devices and pharmaceuticals direct to people's homes, via mail order or via homecare organisations. Mediq provides these together with information, instruction and nursing care. Mediq delivers to people with diabetes, ostomy patients and patients with incontinence problems. Mediq also provides wound treatment, respiratory therapy, enteral nutrition, infusion therapy and biotech pharmaceuticals.

INSTITUTIONAL

Mediq sells, markets and delivers a broad range of medical devices and pharmaceuticals to professional healthcare customers, such as hospitals, care institutions, GPs and pharmacies. Mediq also provides product-related advice, training and support, as well as services such as inventory management, cost control and standardisation.

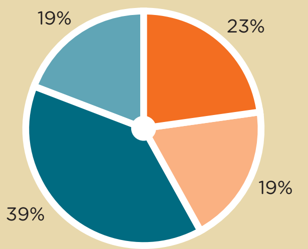
PHARMACIES

Mediq Apotheek is the largest pharmacy chain in the Netherlands. We also have a leading chain of pharmacies in Poland, named Mediq Apteka. Mediq pharmacies focus on providing expert advice on the use of pharmaceuticals. The wholesaling operations handle logistical services for pharmacies, GPs, hospitals and other care institutions.

Mediq is active in 15 countries. Its head office is located in Utrecht. The company was incorporated in 1899 and has around 8,300 employees. Its shares have been listed on NYSE Euronext Amsterdam since 1992, where they are included in the Midcap Index.

TOTAL NET SALES € 2.7 BN

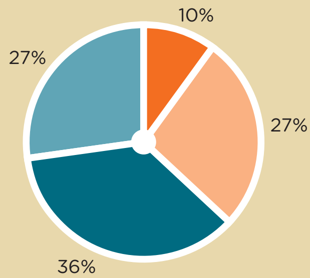
- DIRECT & INSTITUTIONAL NETHERLANDS
- DIRECT & INSTITUTIONAL INTERNATIONAL
- PHARMACIES NETHERLANDS
- PHARMACIES POLAND



TOTAL EMPLOYEES: 8,291

HEADCOUNT, EXCL. TEMPORARY

- DIRECT & INSTITUTIONAL NETHERLANDS
- DIRECT & INSTITUTIONAL INTERNATIONAL
- PHARMACIES NETHERLANDS
- PHARMACIES POLAND



ANNUAL REPORT 2011

Going the extra mile

Safe harbour statement

This annual report contains forward-looking statements. Forward-looking statements are always based on assumptions and estimates relating to uncertain events over which Mediq NV has no control. They concern, for example, measures taken by the Dutch and other governments, currency movements, price fluctuations, changes in law and regulations, legal precedents, market developments and operating policies of healthcare insurers. Mediq NV would like to stress that the contents of this annual report are based on the information that is currently available. The future can always deviate from expectations.

MESSAGE FROM THE CEO

Going the extra mile

WE HAVE STRENGTHENED THE STRATEGIC AND OPERATIONAL FOUNDATIONS OF THE COMPANY IN 2011, BECOMING MORE INTERNATIONAL. THROUGH SIGNIFICANT ACQUISITIONS THE DIRECT & INSTITUTIONAL BUSINESS HAS GROWN FURTHER AND WITH OUR INTEGRATED PHARMACEUTICAL CARE PROGRAMME IN PLACE WE ARE PREPARED FOR THE LIBERALISATION OF PRICES IN THE DUTCH PHARMACY MARKET. FROM A FINANCIAL PERSPECTIVE, IT WAS A MIXED YEAR. ALTHOUGH EBITA FROM ORDINARY ACTIVITIES INCREASED BY 7%, ORGANIC SALES WERE FLAT. THIS WAS MAINLY ATTRIBUTABLE TO PRICE PRESSURE, RESULTING FROM MEASURES TAKEN BY GOVERNMENTS AND PAYERS TO KEEP HEALTHCARE AFFORDABLE, AND DECLINING REVENUES IN OUR WHOLESALE OPERATIONS IN THE NETHERLANDS AND POLAND.

Marc van Gelder

COMMITTED TO OUR STRATEGIC DIRECTION

For some years now, growing the delivery of medical devices to both people's homes and healthcare professionals such as hospitals, care institutions and GPs has been at the core of our strategy. This was successfully achieved in 2011, through organic growth and six acquisitions. In Germany the takeover of Assist took us from a position as a specialist supplier of diabetes devices solely to the number two position overall in the German market. In the Netherlands, Norway and Sweden we successfully completed add-on acquisitions in line with our buy-and-build strategy. Finally, with the acquisition of NM Médical, France has been added to our portfolio, which is a new market for us.

Growth in Direct & Institutional is important for a number of reasons. It allows us to operate more efficiently and it improves the potential for group-wide purchasing – thus mitigating price pressure. Local scale is important to secure low costs to serve a particular market. International scale is likewise important as it improves our ability to attract exclusive distributorships.

Increasing scale enables the development of group-wide service concepts that help us to go the extra mile for the patient. Group companies invested substantially in the past year to make the care they provide even more effective and patient-focused. We are working with patient organisations, professional associations and prescribers to build knowledge and further improve healthcare protocols. We are investing in our ICT systems and the knowledge and skills of employees to provide continually improving support to patients. Combined knowledge of diseases and disease management has resulted, for example, in education programmes being shared throughout the company and in accredited training programmes for prescribers on diabetes. Just an example of going the extra mile.

COMMITTED TO CHANGE

Volume growth is in part mitigated by price pressure from governments and payers to keep healthcare affordable. Although we are not directly impacted by the weak economic climate, we do experience the consequences of pressure on government budgets. Our group-wide scale combined with the strong local capabilities of Mediq provide a strong foundation to be successful in changing markets.
Where necessary, we adjust our business model – since 2008 we have streamlined our back-office operations, thereby increasing our efficiency, and we have developed new value-added services.

The integrated pharmaceutical care programme of our Dutch pharmacies focuses on realising health gains and lowering healthcare costs, rather than solely on the delivery of pharmaceuticals. It supports us in going the extra mile for the patient by providing insight into whether the patient's use of pharmaceuticals is optimal. Together with the general practitioner, the pharmacist evaluates whether or not a patient is receiving the correct treatment in line with the most recent guidelines and scientific insights, whether or not a patient is administering it in the correct way (therapy compliance). An Utrecht University study in 2010, showed that in the Netherlands alone 16,000 patients end up in the hospital every year as a result of the incorrect use of pharmaceuticals. Other research shows that 30% to 60% of patients do not take their pharmaceuticals as instructed and are thus not therapy compliant. With this newly developed integrated pharmaceutical care programme we aim to play an important role in increasing therapy effectiveness and as such reducing costs in primary and secondary care. This programme is fully in line with the political and public desire to align the costs of healthcare more closely with health outcomes and efficiency, rather than focusing solely on the delivery of pharmaceuticals.

In October, Mediq was the first in the market to announce a 'new style' contract: a multi-year contract with Achmea, of which the integrated pharmaceutical care programme is an integral part. We have contracts in place for 2012 with all health insurers. Now that prices are no longer set by a regulatory body for the entire market, but are based on bilateral agreements with insurers, there is more room for entrepreneurship and for investing in the quality of services provided to patients. As the largest pharmacy chain, Mediq is well-positioned to benefit from these changes.

Our strength was also illustrated by the successful arrangement of financing on the US Private Placement market for a total amount of approximately $ 150 million, split into tranches of € 10 million and $ 137 million, with maturities of 7 and 10 years respectively.

The performance of wholesale in Poland was disappointing. We have initiatives in place to improve service levels, and to

All in all, with our growth strategy in Direct & Institutional, well-diversified portfolio, leading market positions and healthy financial position, we are well-placed to deal with changing customer requirements and market conditions.

reduce costs, amongst others by optimising our logistical footprint and by integrating call centres. The results in Poland were also affected by a loss of market share because of strong price competition in anticipation of changes in the reimbursement system. The performance of our pharmacies in Poland on the other hand was good.

COMMITTED TO YOUR CARE

Healthcare is a people business. We want patients to get better, or to learn to cope as well as they can with their condition, enabling them to feel healthier and remain active in society. They have to be able to depend on fast, reliable services. In this way, Mediq continuously strives to live up to its brand promise *Committed to your care*.

This promise revolves around placing the patient at the center of everything we do. To that end, we cooperate closely with other stakeholders, such as prescribers, healthcare insurers and manufacturers as well. In 2011, we worked hard at implementing the group-wide corporate social responsibility (CSR) policy that was formulated in 2010, making CSR an integral part of our business. The programme revolves around four themes close to our heart: caring for the patient, providing a good working environment, minimising our environmental impact and making a difference in the community, for example by supporting children with diabetes. In 2011 we measured for the first time the different key performance indicators that are relevant to these four focus areas. For 2012 visible improvements in all areas are expected. Our supplier management programme will be further intensified and also in other ways we will contribute to a responsible supply chain. It is very clear that being a responsible member of society is something that really matters to Mediq employees throughout the company. In addition, these efforts provide us with new business opportunities and cost savings opportunities.

PRIORITIES FOR 2012

Growth of direct & institutional activities

- Organic growth.
- International acquisitions, especially in countries in which we are already present.
- Combined sourcing.
- Expansion of exclusive distribution agreements for medical devices.

Strengthening leading pharmacy formula

- Organic growth in pharmacies by providing innovative full-service pharmaceutical care, growing brand awareness, and more sales from products without prescription.

Efficiency improvement

- Optimising logistics in Sweden, Finland, Norway, Poland and the Netherlands.

Success can only be achieved with qualified and motivated employees. We therefore invest in knowledge and skills of our people. Local entrepreneurship is key – combined with strong financial controls and group-wide coordination in areas such as quality, logistics and IT. This is how we share best practices throughout the group. A few years ago *One Mediq* was a vision – by now it has become a reality. I would like to thank all my colleagues for their enthusiasm, flexibility and commitment. They are truly committed to your care, by going the extra mile.

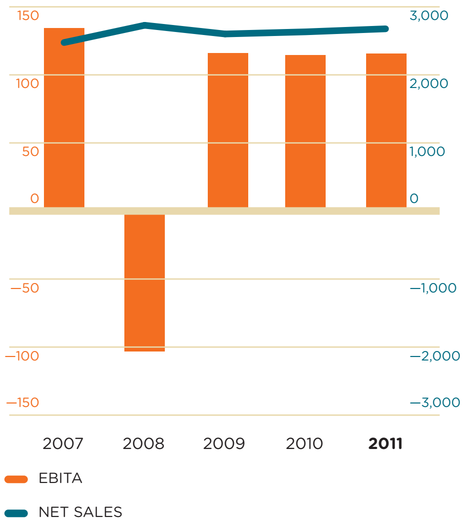
Marc van Gelder

KEY FIGURES

	2011	2010	CHANGE
INCOME STATEMENT (X € 1,000,000)			
Net sales	2,657.7	2,633.9	1%
EBITA from ordinary activities	124.7	116.9	7%
EBITA	123.8	122.6	1%
Net result from ordinary activities	83.5	78.2	7%
Net result	73.4	76.7	– 4%
BALANCE SHEET (X € 1,000,000)			
Working capital	203.4	185.2	10%
Capital employed	874.3	741.0	18%
Net debt	278.3	177.5	57%
CASH FLOW (X € 1,000,000)			
Cash flow from operating activities	94.7	82.8	14%
Capital expenditure	23.2	20.6	13%
Acquisitions	153.8	90.4	70%
RATIO'S AND RETURNS			
EBITA margin from ordinary activities	4.7%	4.4%	
Earnings per share (X € 1)	1.26	1.30	
Dividend per share (X € 1)	0.46	0.46	
Numbers of shares average (X 1,000,000)	58.5	59.2	
Return on average capital employed	14.1%	15.4%	
Return on average equity	14.3%	16.9%	
Interest cover	13.9	11.8	
Debt cover	1.7	1.1	

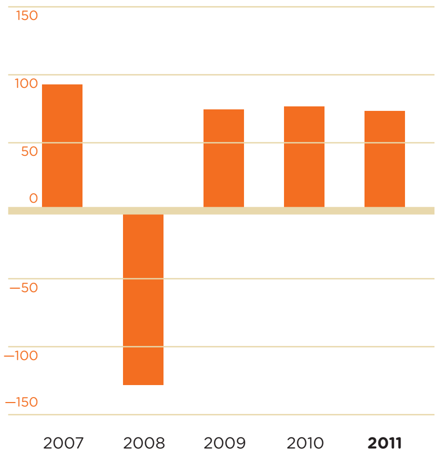
NET SALES AND EBITA

X € 1,000,000

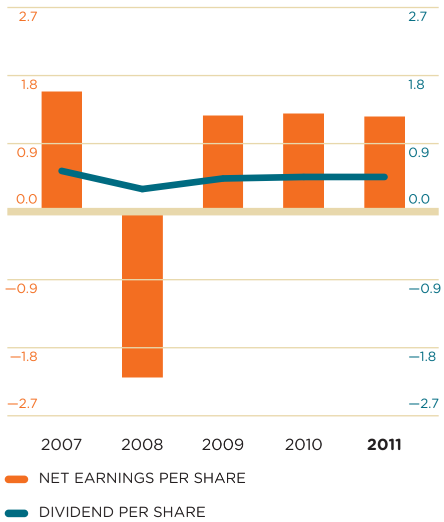


NET RESULT

X € 1,000,000



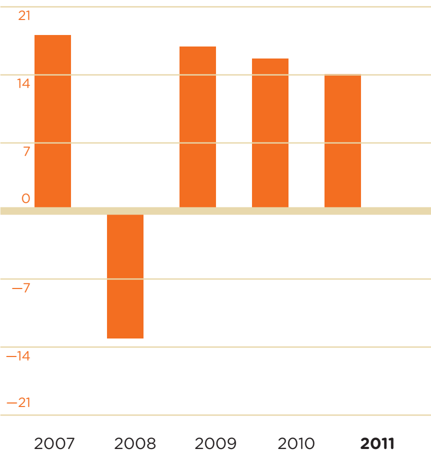
NET EARNINGS AND DIVIDEND PER SHARE X € 1



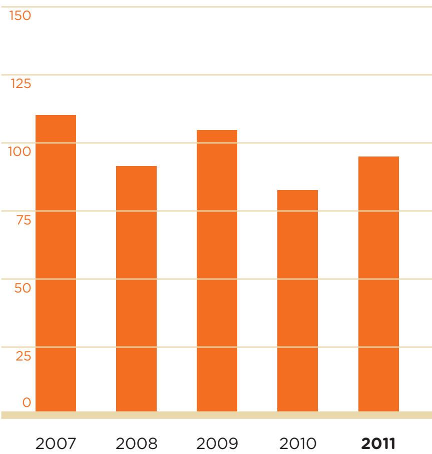
	2011	2010
OPERATIONAL KEY FIGURES		
Number of patients via direct distribution channel		
• Netherlands	231,000	206,000
• United States	300,000	284,000
• Germany	133,000	145,000
• Hungary	15,000	16,000
• Denmark	113,000	106,000
• Norway	11,000	3,000
Market share of pharmaceutical wholesaling market		
• Netherlands*	28%	29%
• Poland	7%	7%
Market share of pharmaceutical retail market		
• Netherlands	12%	13%
• Poland	2%	2%
Number of pharmacies		
• Netherlands	226	225
• Poland	197	199
EMPLOYEES		
Employees at year end (excluding temporary)	8,291	7,647
Average number of employees (including temporary) in full-time equivalents	7,419	7,075

* Changed definition.

RETURN ON AVERAGE CAPITAL EMPLOYED IN %

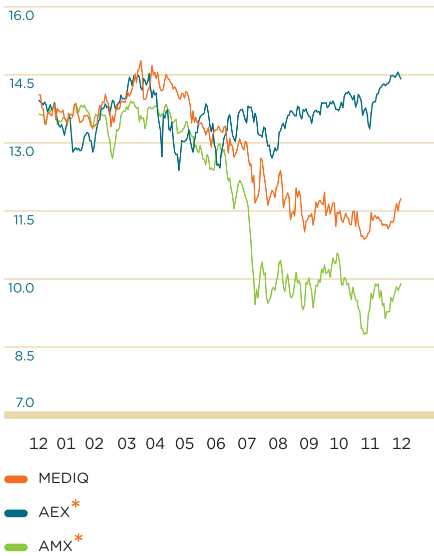


CASH FLOW FROM OPERATING ACTIVITIES X € 1,000,000



SHARE PRICE IN 2011

X € 1



* Calibrated to the Mediq share price on 3.1.2011.

MISSION, TRENDS AND STRATEGY

MISSION AND CORE VALUES

OUR MISSION

We improve patients' health with the best and most efficient healthcare delivery. We do so by delivering medical devices, pharmaceuticals and the best related care services.

Delivering on our promise to the patient is a matter for all our employees. Our core values provide important guidelines for doing so successfully.

OUR CORE VALUES

We are customer-oriented

All our efforts are targeted at meeting patients' needs. We improve patients' health by efficiently delivering the right pharmaceuticals and medical devices, but above all by personal and expert advice. Information, guidance and instruction are central to this.

We focus on innovation

Whether considering a service concept for a pharmacy, service in home healthcare settings or logistical support for a care institution, we look beyond the usual frameworks. To us, innovation means a willingness to adapt the way in which we serve our customers.

We focus on cooperation

Joint efforts are needed to achieve results. Everyone is keenly aware of this. This applies as much to internal cooperation as it does to cooperation with other primary healthcare providers, insurers and manufacturers.

We behave with integrity and practice openness

We put great emphasis on integrity and transparency in all aspects of our operations. We expect the same from everyone we do business with. Because people's health is what it's all about for us.

TRENDS

We see the following trends in the markets in which we operate:

- Volume growth: the number of people with chronic conditions is rising continually. This is due mainly to the ageing of the population and a changing lifestyle. Volume growth is also fuelled by rapid developments in medical technology, biotechnology and pharmaceuticals.
- There is continual pressure on prices from governments and insurers to keep healthcare affordable. In turn, patients are being asked to pay more themselves (for instance, in the form of co-payments or a deductible for uninsured risk) and their freedom of choice is increasingly restricted by preference preselection on the part of insurers, or reimbursement limits on usage. In the institutional market there is an increasing concentration of purchasing power due to bigger purchasing combinations, and an increase of tendering procedures.
- Customers are continually becoming more aware and empowered and increasingly value conscious, by demanding better service and wider choice. Patients are becoming customers with changing needs. They are increasingly well-informed, self-confident, critical and demand better service.
  To an increasing extent, web-based services are being used for ordering, information and communication. Moreover, the consequences of illness are less readily accepted.
- Shift towards the direct channel: medical devices and pharmaceuticals are increasingly supplied directly to homes, sometimes together with advice and instructions.
- The fastest volume growth is occurring for specialised pharmaceuticals for small groups of patients, for instance biotech drugs, rather than for pharmaceuticals with a broad use.

SWOT ANALYSIS

Mediq's identified strengths and weaknesses and opportunities and threats are as follows.

Strengths
- Strong market position in 15 countries; market leader in Netherlands and Nordics.
- Expert employees.
- Strong balance sheet and cash flow.
- Strong track record in integrating acquisitions.

Weaknesses
- Dependence on Dutch market.
- Fragmented IT and logistics environment.
- Activities in Poland not efficient enough.

Opportunities
- Demographic developments, ageing in particular, lead to volume/market growth.
- Development of leading brand and a growing range of private label commodity products.
- Fragmented markets offer further international growth opportunities for direct and institutional activities.
- Further strengthening of leading market position via innovations and cost savings.

Threats
- Measures taken by government authorities or insurers, including further systematic price cuts.
- Increasing tendency towards concentration among healthcare insurers, professional customers and manufacturers, leading to price pressure.

STRATEGY

We have formulated our strategy, to which the patient is central, against the background of our mission, core values, the trends we identify in the market and the SWOT analysis.
Our core tasks are the distribution of medical devices and pharmaceuticals, and the associated advice and services.
We are increasingly aspiring to the role of orchestrator of the distribution chain: fulfilling the central role in the chain from manufacturer to patient, while maintaining a continual focus on process and healthcare innovation. We serve the patient via several distribution channels. Directly at home, with nursing support if required (Direct), via professional customers, such as hospitals, nursing homes and GPs (Institutional) or via Mediq pharmacies.
To successfully realise our strategy we work together in partnership with manufacturers, prescribers and healthcare insurers.

Our strategy rests on three pillars:

- Growth of direct & institutional activities
  We aim to continue to grow, organically as well as through acquisitions. This is targeted at the following market trends: the increase in the number of people with chronic conditions, the growth of care and nursing in home settings and the increased importance for patients of convenience and service. There are opportunities in various countries to further expand our customer base or our services portfolio with additional product-market combinations. Optimum sharing of knowledge and experience between the various group companies allows us to profit from synergies in terms of both sales and costs. Due to price pressure, economies of scale are also important in the institutional market. International growth will make the company less dependent on the Dutch market, increases purchasing power and attractiveness to manufacturers for exclusive distributorships. The prime focus with a view to acquisitions is on existing markets. There are opportunities mostly in the USA, Germany, and France, particularly for deliveries to patients, GPs and care institutions.

- Strengthening leading pharmacy formula
  The Mediq pharmacy formula centres on expert advice. Not only for prescription pharmaceuticals, but also for other non-prescription healthcare products. With a strong central organisation providing support for instance in the development of healthcare concepts, centralisation of repeat medication and administration, there is more time and scope for care for patients in the pharmacy.
  As of 2012, pharmacists in the Netherlands have to bilaterally agree prices for pharmaceuticals and the related services with insurers. As the largest pharmacy chain Mediq is well positioned in this liberalised market, which offers more room to differentiate ourselves from the competition and more room for investing in the quality of our services. Also in Poland, we are focusing on expanding our range of services, mainly related to chronic conditions such as diabetes, in order to further strengthen our brand.
  Sales growth is also pursued with a broad and attractive range of non-prescription pharmaceuticals including skin care products, pain relief and vitamins, partly under our private label. Although we are still aiming for targeted acquisitions, especially in geographical areas in which we are not yet present, further growth in the number of Mediq

pharmacies will be achieved mainly by an increase in the number of franchisees, both in the Netherlands and in Poland. In the Netherlands, in selected cases we also offer pharmacists the opportunity to participate in the pharmacy where they work.

- Efficiency improvement
  On the basis of integrated logistical concepts we target improvements in performance through improved logistics and IT integration. There is a focus on rationalisations, especially in our warehouses in Sweden, Finland, Norway, Poland and the Netherlands. We are reducing our cost base by centralising and standardising back-office processes.

  Moreover, we are mitigating margin pressure by group-wide purchasing and expansion of private label for commodity products. An active purchasing policy is in place that leads to process improvements, close cooperation with suppliers and cost reductions.

We have summarised our strategy in specific action points for each segment in the section 'Strategy and management agenda by segment'. We provide updates in that section on the progress we achieved in 2011 towards implementing this agenda, and on our priorities for 2012. For a more detailed discussion of the risks inherent in our strategy, see the section 'Risk management'.

AMBITION

We aim to develop into a global player in distribution of medical devices and associated services to patients and healthcare institutions.

In our pharmacy activities we are aiming for further consolidation of our market leadership in the Netherlands, and of our leading position in Poland.

PRECONDITIONS

FINANCIAL OBJECTIVES

In implementing our strategy, we target long-term growth in net earnings per share of 8% per year. Net earnings per share in 2011 were € 1.26, versus € 1.30 in 2010; a decrease with 3%. This decrease was caused by the significant contribution from non-operational results in 2010 and higher amortisation of customer relationships in 2011 related to the recent acquisitions. In addition, we have a financial target for return on average capital employed (based on operating result) of at least 15% before tax. Return on average capital employed was 14.1% in 2011, versus 15.4% in 2010. Over the past two years we acquired a significant number of companies, largely in countries where we were not yet active. New platform acquisitions generally need more time to be integrated effectively within the organisation and have lower cost synergies than add-on acquisitions. In some cases it takes several years before an acquisition realises the required return, due to integration costs or a phased realisation of synergies. We aim to distribute around 35% of the net result as dividend. The dividend proposal for 2011 is € 0.46 per share, which represents a pay-out of 37%.

ACQUISITIONS

Acquisitions must match our strategy. We first analyse the attractiveness of the market. National regulations governing for instance the reimbursement system in healthcare are often leading criteria. We consider the competence of the target company's management and whether it fits in with the corporate culture of our group. In addition we apply stringent financial criteria, including the general requirement that the acquisition should generate a return of at least 15% before tax on average capital employed within a limited number of years. We aim to reach that level of returns after two years at the latest from additions to existing platforms.
We are actively seeking acquisition opportunities in the Direct & Institutional segment. Our prime focus with a view to acquisitions is on existing markets. We see opportunities mostly in the USA, Germany, and France, particularly for deliveries to patients, GPs and care institutions. We approach acquisition opportunities selectively in the pharmacy markets in the Netherlands and Poland. The assessment of acquisition opportunities is based on our location strategy.

FINANCING

An enabling condition in our policy is a healthy financing strategy that maintains a balance between the leverage of loan capital and sufficient available funding. We are aiming to continue our rating by the market as 'investment grade', as this provides us with comparatively low financing costs as well as flexibility in implementing our growth strategy. Our balance sheet and cash flow are strong. This enables us to continue to grow through acquisitions.

Currently all our financing arrangements apply two financial covenants: a maximum net debt/EBITDA ratio of 3.5 and an interest cover (EBITDA/ interest costs) of at least 5.0.
We are aiming for a maximum net debt/EBITDA level of 2.5. At year-end 2011 these ratios were 1.7 and 13.9 respectively. The weighted average term of our credit facilities at year-end 2011 was 4.4 years.

INNOVATIVE PATIENT CARE

AS THE NETHERLANDS' LARGEST PHARMACY CHAIN WE ARE CLOSELY INVOLVED WITH NEW DEVELOPMENTS IN THIS MARKET. WE SEEK CLOSE COOPERATION WITH OTHER HEALTHCARE PROVIDERS TO IMPROVE OUR SERVICE TO THE PATIENT.

For us at Mediq, making innovation a reality means that we ceaselessly look for new solutions in the markets in which we operate. In 2011, a major step was taken in the Netherlands by developing a new integrated pharmaceutical care programme. This programme can perform all kinds of cross-referencing and identify possible shortcomings in patients' use of pharmaceuticals. Pharmacists and GPs can then jointly identify potential therapy improvements, which translates into fewer hospitalisations and fewer complications. <

Integrated pharmaceutical care at Mediq Apotheek

In Diafarmazob, several healthcare providers are connected to the same computer system. This ensures that everyone's expertise and knowledge is shared in an accessible way and medication of diabetes patients can be monitored much better. It prevents unnecessary use of expensive pharmaceuticals or incorrect use of medicines. In essence, Diafarmazob is a precursor of the new integrated pharmaceutical care programme with which Mediq Pharmacies aims to achieve the same improvements for many other conditions as well.

Willem van de Spijker
Talent of the Year 2011

In April 2011 **Willem van de Spijker,** managing pharmacist of Mediq Apotheek 't Heelhuis, was chosen as most promising Young Healthcare Manager of the Year 2011. He was awarded this prize by Zorgvisie, a leading network for managers and directors in healthcare in the Netherlands. The jury: 'Van de Spijker is a responsive and responsible manager who seeks to excel in what he does. He sees the pharmacist as a pharmaceuticals expert. Thanks to him we know what the place and the role of pharmacists can be.'
Willem is especially praised for his project 'Diafarmazob', in which pharmacists, GPs and healthcare insurers work together closely to optimise pharmaceuticals use by people with diabetes.

PROFILE BY CHANNEL

DIRECT

Mediq delivers specialist medical devices and pharmaceuticals direct to people's homes, via mail order or via homecare organisations. Mediq provides these together with information, instruction and nursing care. Mediq delivers to people with diabetes, ostomy patients and patients with incontinence problems. Mediq also provides wound treatment, respiratory therapy, enteral nutrition, infusion therapy and biotech pharmaceuticals.

Mediq aims to improve the quality of patients' lives. Mediq cannot eliminate the cause of the problem but can help to ensure that the inconvenience in patients' lives is minimised.

Mediq is a one-stop-shop that makes it easy for patients to get supplies to their home quickly and discretely. Mediq delivers products via comprehensive care concepts with customised patient care, care and maintenance services and takes handling invoices out of patients' hands. Experienced employees listen to patients' wishes to be able to provide the best medical devices and care services. Their approach sets great store by privacy and comfort. Mediq supplies information, instruction and guidance and ensures treatment monitoring. If necessary with a nursing specialist at the patient's home and for 24 hours a day. We carry a large range of medical disposables, are brand-independent and are experts in the field of the condition concerned.

Our strategy is directed at acquiring a leading position, preferably among the top 3, for each product-market combination. Leveraging the associated economies of scale and specialist expertise, we are building a preferred position among patients, prescribers (specialists and nurse practitioners) and insurers. Cooperation with partners in healthcare is of the utmost importance.

In the Netherlands we operate in the medical devices market for people in home healthcare settings, under the following names: Mediq CombiCare, Mediq Tefa, Mediq Romedic, Mediq Direct Diabetes, Mediq Pharma Services, ZorgService NL and Medisource. In 2011 we further strengthened our leading position through the acquisition of Romedic, the market leader in the field of nebuliser therapy, and PBG, whose activities include the delivery of diabetes devices to patients at home (these activities have been integrated into Mediq Direct Diabetes).

We have been active in the USA since 2008 through Byram Healthcare. The business model and the product range are almost identical to those of Mediq's European activities.

We have operated in Denmark since 2007 under the brand name Mediq Danmark.

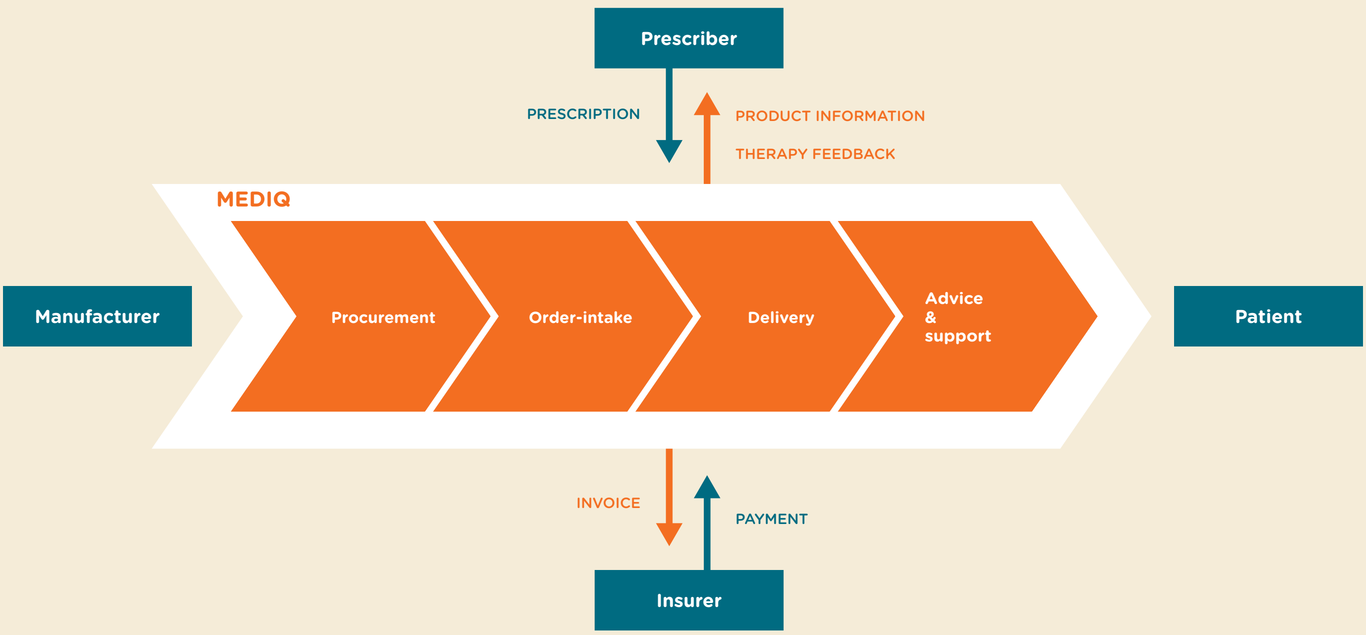
We have been active in Germany since 2006 with the largest sales and distribution company for diabetes supplies, Mediq Direkt Diabetes. On 29 December 2011 we acquired Assist. Assist supplies patients at home with medical devices for tube feeding, infusion therapy, ostomy, incontinence and wound care. This acquisition made Mediq the second largest direct distributor in the German market.

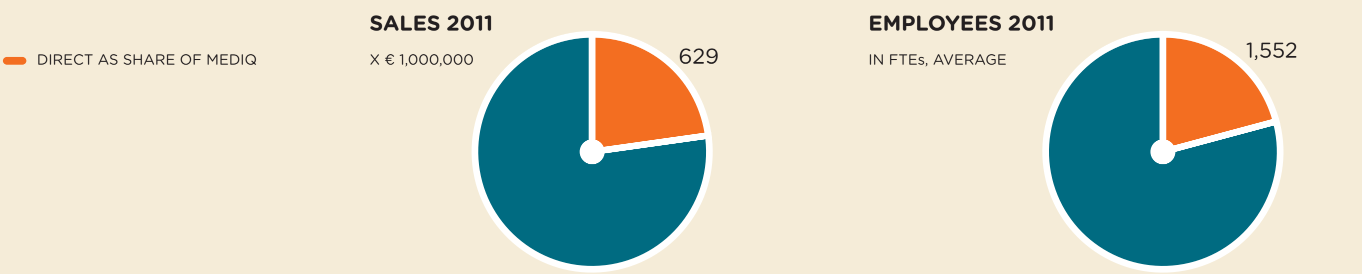
We have been active in Norway since 2009 with a start-up position, which was expanded through the acquisition of Medicus Plesner in 2011.

In Hungary we have a leading position in wound treatment under the Mediq Direkt brand.

Market	Market position *(data as at year-end 2011)*	Ostomy	Diabetes	Wound care	Inconti-nence	Respiratory care	Infusion therapy	Enternal nutrition	Specialised pharma-ceuticals
Netherlands	• First or second place in each market segment. Total of 231,000 customers.	•	•	•	•	•	•	•	•
United States	• Fourth place overall. Total of 300,000 customers.	•	•	•	•			•	
Denmark	• Market leader with a total of 113,000 customers.	•	•	•	•			•	•
Germany	• Market leader in diabetes; 2nd place overall. 133,000 diabetes customers.	•	•	•	•	•	•	•	
Hungary	• Strong position in wound treatment market with 15,000 customers.	•		•	•				
Norway	• Market leader in ostomy, leading position in other PMCs. Total of 11,000 customers.	•		•	•			•	

Note: The markets for direct deliveries are highly fragmented. Hardly any precise market share data are available. The figures in the table are only provided as an indication.





INSTITUTIONAL

Mediq sells, markets and delivers a broad range of medical devices and pharmaceuticals to professional healthcare customers, such as hospitals, care institutions, GPs and pharmacies. Mediq also provides product-related advice, training and support, as well as services such as inventory management, cost control and standardisation.

Mediq is a partner to professional customers. We play a central role in the value chain from manufacturer to patient, providing solutions with a continual focus on innovation and the optimisation of healthcare processes.

Mediq operates three business models:

- Total solution supplier: We offer an extensive range of exclusive, non-exclusive and private label products, via our efficient delivery networks based on a total supplier concept.
- Exclusive distribution: Representation of manufacturers on an exclusive basis, acting as an exclusive sales, marketing, customer service, technical support and logistics partner.
- Healthcare logistics: Logistical services to healthcare customers and manufacturers.

The main product categories involved in the business models total solution supplier and exclusive distribution are wound care, nursing disposables, anaesthesia/ICU disposables, surgical/OR disposables, incontinence, clinical nutrition, laboratory products, OR/ICU equipment, primary care equipment, aids for disabled, medical imaging and non-medical products related to professional healthcare customers.

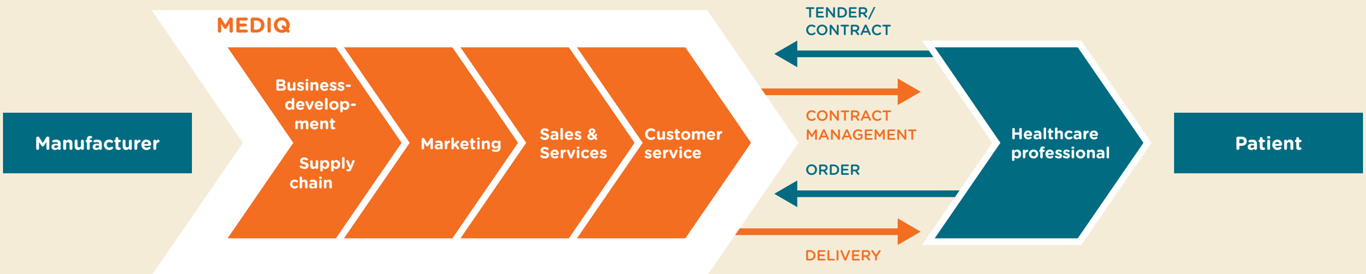
The institutional business models support the direct business model in selected countries with a wide range of exclusive and private label products. Institutional and direct business coexists and creates local scale and efficiencies.

In the Netherlands we have strong positions in supplying pharmaceuticals and medical devices to hospitals and care institutions.
Mediq Pharma Services (the new name for the combination of OPG Distrimed and Red Swan Pharma Services) supplies pharmaceuticals to hospitals. It also offers services and comprehensive solutions, for example for inventory management and medication safety.
Medeco supplies a wide range of incontinence, wound care, non-medical products and surgical/OR disposables to hospitals, care institutions and pharmacies. Product sales are linked to supporting product training, inventory management and cost control.
In 2011 we strengthened our position in the market for general practitioners in the Netherlands through the acquisition of Vermeulen Medical, part of PBG. Vermeulen Medical is the largest supplier of medical devices to GPs and obstetricians.

Mediq has been present in Norway since 1999 and in Denmark since 2007. In 2010, the acquisition of the healthcare trade activities of Oriola-KD in Finland, Sweden, Denmark, Estonia, Latvia and Lithuania made Mediq the largest supplier of medical devices to professional healthcare customers in the Nordics and Baltics.

In 2011 Mediq acquired NM Médical in France, making Mediq a leading supplier of medical devices to GPs and physiotherapists.

Market	Market position *(data as at year-end 2011)*	Care institutions	Hospitals	GPs & specialists	Retail	Industry/ army/other	Laboratory	3rd party logistics
Netherlands	• Market leader in pharmaceuticals for hospitals. • Market leader in medical devices for hospitals, care institutions and GPs.	•	•	•	•	•		
Sweden	• Market leader in medical devices for care institutions and hospitals. • Market leader in healthcare logistics for customers and suppliers.	•	•	•		•		•
Finland	• Market leader in medical devices for care institutions, hospitals and laboratories. • Niche player in healthcare logistics for suppliers.	•	•	•	•	•	•	•
Norway	• Market leader in medical devices for care institutions and GPs.	•	•	•	•	•		
Denmark	• Market leader in medical devices for care institutions, hospitals and GPs.	•	•	•	•	•		
Estonia	• Niche player in medical devices for care institutions, hospitals, GPs and laboratories.	•	•	•	•	•	•	
Latvia	• Niche player in medical devices for care institutions, hospitals, GPs and laboratories.	•	•	•	•	•	•	
Lithuania	• Niche player in medical devices for care institutions, hospitals, GPs and laboratories.	•	•	•	•	•	•	
France	• Market leader in medical devices for GPs and physiotherapists.			•				
Switzerland	• Niche player in medical devices for care institutions and hospitals.	•	•			•		
Belgium	• Niche player in medical devices for hospitals and other care institutions.	•	•	•		•		

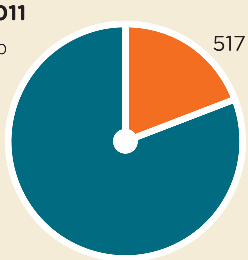


INSTITUTIONAL

AS SHARE OF MEDIQ

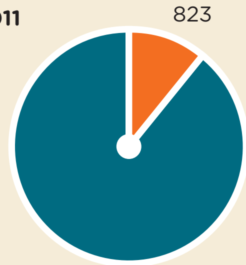
SALES 2011

X € 1,000,000



EMPLOYEES 2011

IN FTEs, AVERAGE



PHARMACIES

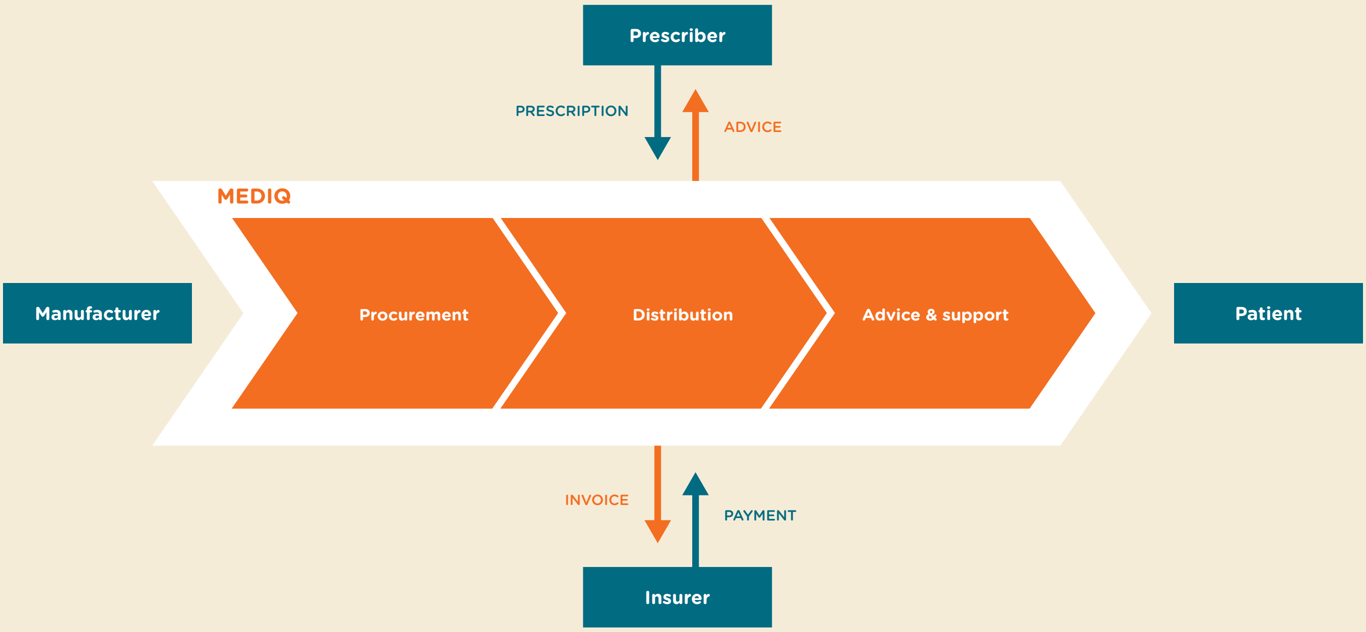
Mediq Apotheek is the largest pharmacy chain in the Netherlands. We also have a leading chain of pharmacies in Poland. Mediq pharmacies focus on providing expert advice on the use of pharmaceuticals. The wholesaling operations handle logistical services for pharmacies, GPs, hospitals and other care institutions.

We have 226 pharmacies in the Netherlands, of which 78 are located in primary healthcare centres, which usually also house a number of GPs and sometimes other healthcare providers as well. In addition, 21 Mediq pharmacies are managed by independent pharmacists. With our strong central organisation providing support for instance in the development of care services, aided by a team of pharmacists, centralisation of repeat medication and administration, there is more time and scope for care for patients in the pharmacy. The Mediq pharmacy formula centres on expert advice. Not only on prescription pharmaceuticals, but also on non-prescription healthcare products. Customers can expect the same range to be carried at all Mediq pharmacies and can benefit from healthcare services such as pro-active repeat medication an online tool for keeping track of pharmaceutical use and information on the related condition or blood sugar testing. Mediq pharmacies have an integrated pharmaceutical care programme in place which is fully automated and provides insight into whether a patient's use of pharmaceuticals is optimal. Together with the GP our pharmacist decides whether or not a patient is receiving the correct treatment, whether or not a patient is administering it in the correct way (therapy compliance) and whether or not the pharmaceutical treatment is in line with the most recent guidelines and scientific insights.

Mediq Groothandel supplies about 160 independent pharmacies as well as the group-owned pharmacies. We are increasingly entering into cooperative alliances with these independent pharmacies, for instance in the form of franchises or participations. We offer logistics services for our group-owned as well as independent pharmacies, such as centralised repeat medication and packaging per patient per ingestion time. Mediq Medico has a leading position in deliveries to dispensing GPs.

We have operated as a wholesaler and pharmacy chain in Poland since 1999. In view of its size and growth potential we are confident about the opportunities offered by the Polish market. Furthermore, businesses are also allowed to own pharmacy chains, which is not permitted in many other countries. In 2008 we started the roll-out of our retail formula in Poland as well. Virtually all our pharmacies in Poland now operate under the Mediq Apteka formula.

Market	Market position *(data as at year-end 2011)*
Netherlands	• Largest pharmacy chain with 226 pharmacies (market share of 12%) and 21 franchisees. • No. 1 wholesaler with 28% market share.
Poland	• No. 2 pharmacy chain with 197 pharmacies (market share of 2%) and 29 franchisees. • 4th largest wholesaler, with 7% market share.

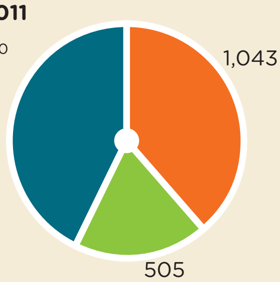


PHARMACIES NETHERLANDS AS SHARE OF MEDIQ

PHARMACIES POLAND AS SHARE OF MEDIQ

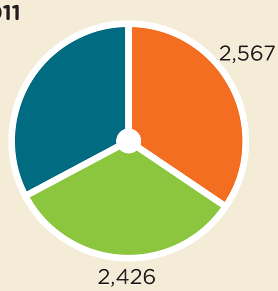
SALES 2011

X € 1,000,000



EMPLOYEES 2011

IN FTEs, AVERAGE



NETHERLANDS

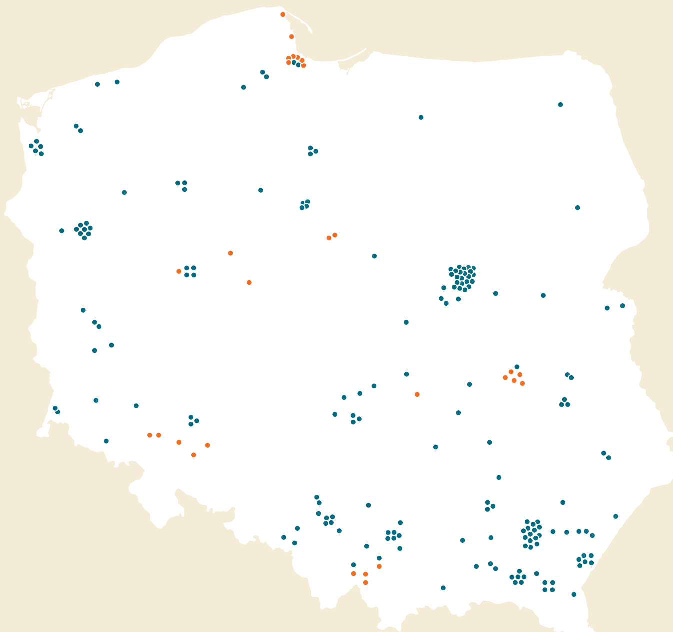
AT YEAR-END 2011

226 OWN PHARMACIES

21 FRANCHISEES

POLAND

AT YEAR-END 2011



197 OWN PHARMACIES

29 FRANCHISEES

ORGANISATION

SEGMENTATION

We have organised the three distribution channels in the following segments: Direct & Institutional, Pharmacies Netherlands and Pharmacies Poland. In Direct & Institutional these channels are clustered, as they interlock closely with each other and are mostly managed on a combined basis. The institutional channel offers an entry to the market for direct deliveries. Also, the group companies within the two channels combine their purchasing power and jointly utilise a growing range of private label products. This segmentation is the basis of our internal management reporting and therefore also of our financial reporting.

ORGANISATION CHART

The members of the Management Board and the Executive Vice Presidents jointly form the Executive Board, which is responsible for the company's operations. Marc van Gelder is the Chief Executive Officer. Hans Janssen is a member of the Management Board and Chief Financial Officer. Gerben Klein Nulent is responsible as Executive Vice President for the pharmacy activities in the Netherlands and Poland. Mediq Pharma Services also reports to him in view of its strong dependence on the infrastructure of Mediq Groothandel. Marcel van den Broek and Jesper Boysen are both Executive Vice Presidents for the Direct & Institutional segment. Marcel is responsible for the activities in the Netherlands (only direct), Germany, the USA, France and Hungary. Jesper is responsible for the activities in Denmark, Norway, Sweden, Finland, Estonia, Latvia, Lithuania, Switzerland and the Netherlands (only institutional).

Executive Board

Management Board
- **Marc van Gelder (CEO)**
- **Hans Janssen (CFO)**

Executive Vice Presidents
- **Marcel van den Broek**
- **Jesper Boysen**
- **Gerben Klein Nulent**

Direct & Institutional

NETHERLANDS	• Mediq CombiCare • Mediq Direct Diabetes • ZorgService NL • Mediq Tefa • Mediq Romedic • Medisource • DSN Trade
GERMANY	• Mediq Direkt Diabetes • Assist
FRANCE	• NM Médical
HUNGARY	• Mediq Direkt
UNITED STATES	• Byram Healthcare
NETHERLANDS	• Medeco • Vermeulen Medical*
BELGIUM	• Medeco
FINLAND	• Mediq Suomi
SWEDEN	• Medic Sverige • Meteko
ESTONIA	• Mediq Eesti
LATVIA	• Mediq Latvija
LITHUANIA	• Mediq Lietuva
DENMARK	• Mediq Danmark
NORWAY	• Mediq Norge • Medicus Plesner
SWITZERLAND	• Mediq Suisse
NETHERLANDS	**Wholesaler for hospitals** • Mediq Pharma Services**

Pharmacies Netherlands

NETHERLANDS	**Pharmacies** • Mediq Apotheek • Mediq Systemfarma • Mediq Central Filling **Wholesaler for pharmacies** • Mediq Groothandel **Wholesaler for dispensing GPs** • Mediq Medico **Logistic Services** • Red Swan Pharma Logistics** **Import of specialities** • Polyfarma

Pharmacies Poland

POLAND	**Pharmacies** • Mediq Apteka **Wholesaler for pharmacies** • ACP Pharma

* Part of PBG, acquired in 2011.

** Mediq Pharma Services is the new name for the combination of OPG Distrimed and Red Swan Pharma Services. The other part of Red Swan, Red Swan Pharma Logistics, is integrated into Pharmacies the Netherlands as of 2012.

PERSONAL PARTICULARS EXECUTIVE BOARD

From left to right:
Marcel van den Broek, Hans Janssen, Jesper Boysen, Marc van Gelder and Gerben Klein Nulent.

MANAGEMENT BOARD

M.C. (Marc) van Gelder (1961) has been Chief Executive Officer since 1 December 2005. Before he joined Mediq on 1 January 2005, he had held positions at McKinsey & Company and Royal Ahold NV in logistics, retail marketing, strategy and line management. His last position was Chief Executive Officer of Peapod, Ahold's internet supermarket in the United States. He is a Dutch national.

Supervisory directorships/other offices
- Member of the Supervisory Board of Maxeda
- Member of the Supervisory Board of Action Nederland BV
- Adviser to 3i Benelux
- Member of the Managing Board of GIRP (European umbrella organisation of Pharmaceutical Full-Line Wholesalers)

J.G. (Hans) Janssen (1967) has been Chief Financial Officer and a member of the Management Board since 1 May 2008. Before he joined Mediq on that date, he held various positions at Unilever in the fields of finance, logistics, and mergers and acquisitions in the Netherlands, the UK, Singapore, Malaysia and Germany. He is a Dutch national.

Supervisory directorships/other offices
- Member of the Supervisory Board of AudioNova International

EXECUTIVE VICE PRESIDENTS

G.J. (Gerben) Klein Nulent (1955) has been director of Mediq Apotheken since 1995. He was appointed an Executive Vice President, with responsibility for Pharmacies Netherlands, on 1 August 2005. As of 1 August 2009 he has also been responsible for Pharmacies Poland, as part of which he also took on responsibility at the end of October 2010 for the day-to-day management of the activities in Poland. Until 1995, Mr Klein Nulent was an independent pharmacist in Rotterdam. He is a Dutch national.

Supervisory directorships/other offices
- Chairman of the Association of Pharmacy Chains (Associatie van Ketenapotheken – ASKA)

M.L.N. (Marcel) van den Broek (1954) has worked at Mediq as general manager of the direct activities since 1996. He was appointed an Executive Vice President, with responsibility for Direct & Institutional, on 1 August 2005. Mr van den Broek had previously worked as general manager of Hoekloos Medische Technologie. He is a Dutch national.

Supervisory directorships/other offices
- Member of the Supervisory Board of Health Innovation Fund

J.B. (Jesper) Boysen (1960) was appointed an Executive Vice President with responsibility for Direct & Institutional on 1 August 2009. Jesper Boysen was the managing director of Kirudan when Mediq acquired the Danish company in 2007, which now operates under the name of Mediq Danmark. Before 2006, Jesper worked as managing director in several Scandinavian companies, amongst which Mölnlycke Health Care (Nordic markets). He is a Danish national.

Supervisory directorships/other offices
- Chairman of the Danish branche organisation Medicoindustrien

INFORMATION EMPOWERS PEOPLE

IT IS ESSENTIAL TO PROVIDE THE RIGHT INFORMATION FOR PEOPLE, ESPECIALLY IN HEALTH MATTERS. EACH PERSON'S NEEDS TEND TO BE SLIGHTLY DIFFERENT FROM THOSE OF THE NEXT, WHICH IS WHY WE FOCUS ON PERSONAL, CUSTOMISED ADVICE.

Our employees supporting patients with chronic conditions are highly trained and provide – in addition to instructions on medical devices – advice on how people can nonetheless live a normal life as much as possible. People often need to be empowered. Expert advice contributes to this and our experienced employees are often a great help to these patients. We also train other health professionals, such as nurse practitioners. They receive instruction about our products, with which they in turn can serve their patients. <

Knowledgeable employees a great help for our patients

Although exercise would be beneficial with many illnesses, people often allow their condition to impose limitations on them. They are often led by fear and may be concerned that the extra exertion might be harmful. Or if they use a medical device, they might be worried that this is visible and makes them stand out. Several of our employees know from personal experience how it feels to have certain limitations, for instance in the case of an ostomy. This enables them to empathise even better with the problems concerned and creates a special bond with our patients.

Ulrike Thurm has first-hand experience

Ulrike Thurm is an insulin-pump-expert in the shop support team at Mediq Direkt Diabetes in Germany. She has first-hand experience, since she herself has diabetes and uses an insulin pump. To show the world that you can lead a good life with diabetes she regularly publishes on combining diabetes and exercise. As an ardent runner herself, she knows all about this. She is also committed to improving opportunities for diabetics. For example, her efforts resulted in a ban on diving for insulin-treated diabetics being lifted in Germany. This was the kickoff for discussions concerning this theme round the world. Two years ago, Medtronic named her as Global Hero of the Year, as an example of how people with an illness can, with the help of technology, nonetheless excel.

STRATEGY AND MANAGEMENT AGENDA BY SEGMENT

We have summarised our strategy (see 'Mission, trends and strategy') in a specific management agenda for each segment, providing updates on the progress we achieved in 2011 towards implementing our strategy, and on our action priorities for 2012.

DIRECT & INSTITUTIONAL

PRIORITIES FOR 2011	ACHIEVED IN 2011	PRIORITIES FOR 2012
GROWTH OF DIRECT AND INSTITUTIONAL ACTIVITIES		
Broaden portfolio and expand customer base		
• Expand cooperation with Mediq pharmacies in the Netherlands. • Group-wide development and roll-out of loyalty, education and minority programmes. • Broaden portfolio and expand number of distribution points in Germany. • Adapt business model for deliveries of medication in home healthcare settings to possible transfer of biopharmaceuticals to hospital budget in the Netherlands.	• Further implemented combined services with Mediq pharmacies in the Netherlands; further roll-out of joint proposition for nursing homes. • Loyalty, education and minority programmes developed and rolled out in various countries. • Broadened portfolio in Germany through acquisition of Assist and increase in number of distribution points to 69. • Integration of Red Swan Pharma Logistics in Pharmacies NL. • Clustering of Red Swan Pharma Services and OPG Distrimed into Mediq Pharma Services, with specific service offering to hospitals for biopharmaceuticals. First contracts signed.	• Further expand cooperation with Mediq pharmacies in the Netherlands (eg, supplies of insulin vials for insulin pump patients) & Poland. • Further implement customer loyalty programmes. • Further expansion of the number of distribution points in Germany. • Expansion of sales force in the USA. • Expand e-health initiatives: extranet for prescribers, social media for patients). • Establish business excellence working groups with key customer segments to increase international exchange of best practices. • Sign more contracts with hospitals for delivery of biopharmaceuticals to patients homes.
Exclusive distribution agreements		
• Further increase in number of agreements and expansion of existing agreements.	• Several large contracts signed.	• Further increase in number of agreements and expansion of existing agreements.
Coordinated sourcing		
• Optimisation of range of private label products in several countries.	• Mediq business development & sourcing centre expanded. • Introduction of existing private label products in several countries.	• Optimisation of range of private label products in all countries.
Acquisitions		
• Actively seek acquisition opportunities.	• Acquisitions in France, Germany, the Netherlands and Norway.	• Actively seek acquisition opportunities in the USA, Germany and France.
INCREASE EFFICIENCY		
Purchasing synergies by entering into international master agreements		
• Further expansion of combined purchasing.	• Realisation of purchasing synergy targets.	• Further realisation of purchasing synergies.
Centralisation and standardisation of back office-processes		
• Disconnect IT-infrastructure in Sweden and Finland from Oriola KD. • Design and implement logistics master plan for Sweden. • Integration of newly acquired activities in Denmark into Mediq Danmark. • Stimulate web ordering in direct activities.	• IT carve out in Sweden and Finland realised. • New distribution centre in Sweden opened. • Integration of Danish activities completed. • Increased sales via web ordering in several countries. • Integration of Dutch transport activities of direct business units with those of the Mediq pharmacies.	• Optimisation of IT platform in Sweden. • Improve logistics efficiency in Sweden. • Start cooperation between back-office activities of Assist and Mediq Direkt Diabetes. • Integration of Medicus Plesner in Mediq Norge. • Further stimulate web ordering.

PHARMACIES NETHERLANDS

PRIORITIES FOR 2011	ACHIEVED IN 2011	PRIORITIES FOR 2012
STRENGTHEN LEADING PHARMACY FORMULA		
Deliver distinctive care services		
• Further expand cooperation with Mediq Direct.	• Further implemented combined services with Mediq pharmacies in the Netherlands; further roll-out of joint proposition for nursing homes.	• Further expand cooperation with Mediq Direct.
Strengthen cooperation with other healthcare providers, insurers and manufacturers		
• Continue and intensify participation in local initiatives. • Development and implementation of new care services. • Pro-active repeat medication. • Start online pharmacy.	• Start of implementation of new integrated pharmaceutical care programme. • Online pharmacy live.	• Further roll-out of new integrated pharmaceutical care programme. • Implement new contracts with insurers for 2012 and onwards. • Grow patient base and revenues of online pharmacy.
Increase brand recognition		
• Continue national marketing campaign, supported by monthly theme campaigns.	• Successful continuation campaign; (aided) brand recognition increased to 73%.	• More focus on local campaigns.
Increase sales of non-prescription pharmaceuticals		
• Further growth of non-prescription revenues. • Expansion of private label range to 100.	• Increase of non-prescription revenues outgrowing the market. • Expansion of private label range from 66 to 86 products.	• Further growth of non-prescription revenues. • Further expansion private label assortment.
Expand coverage of pharmacy formula		
• Selective expansion, preferably via franchisees. • Rationalisation where possible.	• Increase in number of franchisees from 20 to 21. • Start of participation model (minority stakes for pharmacists). • 2 smaller pharmacies closed; customers now served by other Mediq pharmacies in same town.	• Selective expansion, preferably via franchisees and participations. • Rationalisation where possible.
INCREASE EFFICIENCY		
Increase productivity		
• Complete reorganisation started in 2008 (in part through implementation of centralised repeat medication at all Mediq pharmacies).	• Reorganisation completed (total reduction by 450 FTEs) partly via strong growth of centralised repeat medication. • More efficient logistic infrastructure in one of Mediq Groothandels' two warehouses largely completed.	• Finalise implementation of more efficient logistic infrastructure in one of Mediq Groothandels' two warehouses.
Centralise and standardise processes		
• Further implementation of ICT applications and process improvements. • Optimisation of logistics infrastructure of Mediq pharmacies and Mediq Direct in the Netherlands.	• Good progress achieved with implementation of ICT applications, process improvements and further standardisation and centralisation of accounting processes. • Integration of Dutch transport activities of direct business units with those of Mediq pharmacies.	• Integrate Red Swan Pharma Logistics into wholesale operations of Mediq Groothandel.

PHARMACIES POLAND

PRIORITIES FOR 2011	ACHIEVED IN 2011	PRIORITIES FOR 2012
STRENGTHEN LEADING PHARMACY FORMULA		
Increase sales of non-prescription pharmaceuticals		
• Further expansion of private label range.	• Portfolio of private label range expanded doubled to 20 products. • 19 pharmacies converted to self service format.	• Further expansion of private label; alignment of range with Pharmacies NL. • 50 self-service pharmacies.
Expand coverage of pharmacy formula		
• 180 own Mediq pharmacies plus 30 franchisees. • Expansion of specific diabetes expertise to 100 pharmacies.	• 180 Mediq pharmacies plus 29 franchisees. • 111 pharmacies with specific diabetes expertise.	• 50 franchise pharmacies.
INCREASE EFFICIENCY		
Centralise and standardise processes		
• Systematic lowering of cost level at wholesaling. • Further integration of distribution centres and customer service departments.	• Efficiency improvements in national distribution centre realised by more automated picking. • More efficient logistics infrastructure: regional distribution centre in Szczecin closed. • Further consolidation of call centres started (from 10 to 5).	• Further efficiency improvements at national distribution centre. • Closing of 2 regional distribution centres (from 7 to 5 in total). • Further integration of call centres. • Implementation of central planning tool to reduce stocks.

INSIGHT INTO THE CONSEQUENCES OF ILLNESSES

HEALTHCARE IS AN IMPORTANT MATTER THROUGHOUT THE WORLD. AS A MAJOR PLAYER IN OUR MARKETS, WE ARE EAGER TO TAKE THE LEAD IN INCLUDING NEW THERAPIES OR DEVICES IN OUR RANGE.

Our expertise allows us to play a significant role in solutions for some illnesses. This is the case in fields such as diabetes, incontinence, stoma and wound treatment, for instance. Several subsidiaries in the countries in which we operate are acquiring experience of these conditions and given our scale and name we are sometimes able to influence their treatment. <

Detecting tuberculosis at an early stage

Tuberculosis is mainly a disease of the lungs, although other organs can be affected as well. Worldwide, almost 10 million people contract tuberculosis. If not properly treated, it can be lethal. The incidence of tuberculosis is on the rise again in Western countries as well. And what is especially worrying: the bacteria are becoming progressively less responsive to current medication. That is why detecting the illness at an early stage is so important. The familiar Mantoux test, which involves a painful injection with test fluid, was used for many years. The result is available after three days. In the new Quantiferon test, a blood sample is tested in a laboratory and the result is already known after 24 hours.

Active in combating tuberculosis in the Baltics: Eve Paju

Eve Paju, Sales Representative at Mediq Eesti, has campaigned successfully to combat tuberculosis. This seemed to be a remnant from the past, which occurred mainly in developing countries, but tuberculosis in fact proved to be fairly active in the Baltic countries as well. Some 15 years ago, the new test Quantiferon was developed. In 2010 Eve saw opportunities for Mediq to promote it. This has been highly successful. Nowadays it is almost the only test used in the Baltic States: it is simpler, more reliable, quicker and easier on the person being tested. Mediq was awarded a prize for this: the ‘Rising Star Country of the Year 2011’ prize for the Baltic countries.

REPORT OF THE MANAGEMENT BOARD

EBITA from ordinary activities up 7%

REVIEW OF PERFORMANCE IN 2011

We have strengthened the strategic and operational foundations of our company and have expanded our international scale. Direct & Institutional achieved good results and the growth potential for the future has increased through significant acquisitions. With our integrated pharmaceutical care programme Pharmacies Netherlands is prepared for the liberalisation of the pharmacy market. At the same time, it was a mixed year from a financial perspective. Organic sales were flat. This was mainly attributable to price pressure resulting from measures taken by governments and payers to keep healthcare affordable, and declining wholesale revenues in the Netherlands and Poland.

EBITA from ordinary activities improved by 7% to € 124.7 million, driven largely by acquisitions in the Direct & Institutional segment. We recorded significant non-operational results in 2010, with a net positive effect of € 4.8 million. As a result the EBITA increase was lower at 1%.

INCOME STATEMENT x € 1,000,000	2011	2010	CHANGE
Net sales	2,657.7	2,633.9	1%
EBITA from ordinary activities*	124.7	116.9	7%
EBITA	123.8	122.6	1%
EBIT	111.1	114.5	– 3%
Net finance income and costs	– 11.3	– 13.4	
Results of associates	1.0	1.1	
Income tax expense	– 25.0	– 23.8	
Result after income tax	75.7	78.4	– 3%
• shareholders (net result)	73.4	76.7	– 4%
• non-controlling interests	2.3	1.7	
Earnings per share from ordinary activities**	1.43	1.32	8%
Earnings per share	1.26	1.30	– 3%
Dividend per share (x € 1)	0.46	0.46	
EBITA margin	4.7%	4.7%	
EBITA margin on ordinary activities	4.7%	4.4%	
Return on average capital employed	14.1%	15.4%	
Return on average equity	14.3%	16.9%	
Cash flow from operating activities	94.7	82.8	
Capital expenditure	23.2	20.6	
Acquisitions	153.8	90.4	
Number of employees (in FTEs, average, including temporary)	7,419	7,075	

* Adjusted for non-operational items.

** Before amortisation of customer relationships, adjusted for non-operational items.

Net result decreased by 4% as a result of higher amortisation of customer relationships (from € 8.0 million in 2010 to € 12.8 million in 2011). Net earnings per share from ordinary activities increased by 8%.

INCOME STATEMENT

Net sales

Net sales increased by 1% (€ 23.8 million) to € 2.658 million as a result of acquisitions at Direct & Institutional (6%), a change in reporting of two major contracts in Sweden (- 4%) and the depreciation of the Polish zloty (-1%). Excluding the reporting change, sales growth would have been 5%.

Organic growth at Direct & Institutional amounted to 3%. Robust growth in the Netherlands (Direct), Denmark and Sweden was partly offset by the loss of a large contract for pharmaceuticals and sustained price pressure for medical devices (both in the Dutch hospital market) and lower sales of diabetes supplies in Germany and the United States.

The organic growth of Direct & Institutional was offset by a decrease in wholesaling sales at Pharmacies Netherlands and Poland as a result of strong price competition. In addition, sales in Poland were affected by the depreciation of the zloty. Pharmacy sales were up 3% in Poland and flat in the Netherlands, where volume growth was offset by price erosion.

EBITA

Excluding non-operational items, EBITA rose 7% to € 124.7 million. In 2010 we recorded significant non-operational results, with a net positive effect of € 4.8 million. As a result, the EBITA increase was lower at 1%.

As in preceding years, the segment Direct & Institutional reported a further surge in results. EBITA from ordinary activities was € 102.4 million, up 9%.

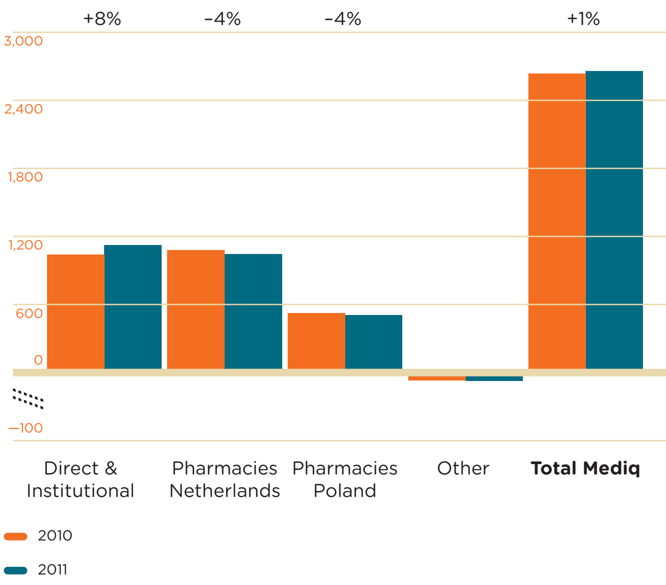
EBITA from ordinary activities of Pharmacies Netherlands increased by € 0.8 million, or 3%, to € 25.8 million. Excluding the one-off restructuring provision in 2010 of € 2.9 million, EBITA decreased by 2.1 million. This was partly attributable to investments in integrated pharmaceutical care programmes and higher transportation expenses.

EBITA from ordinary activities at Pharmacies Poland fell € 1.0 million to € 1.0 million due to lower wholesaling sales and a lower gross margin because of strong competition in anticipation of upcoming new legislation as from 2012. This was only partly compensated by lower cost levels.

Mediq's EBITA margin was unchanged at 4.7%. Excluding non-operational items, the margin rose from 4.4% to 4.7%. This was due to a higher margin at Direct & Institutional as a result of the change in presentation of two major contracts in Sweden and a higher share of Direct & Institutional in the group's total sales.

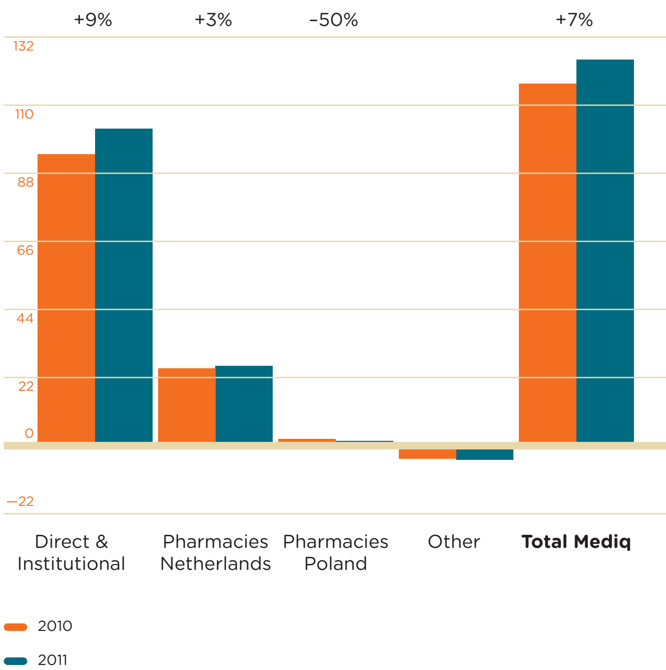
NET SALES

X € 1,000,000



EBITA FROM ORDINARY ACTIVITIES

X € 1,000,000



Operating result (EBIT) decreased by € 3.4 million to € 111.1 million as a result of higher amortisation of customer relationships due to the acquisitions of the past two years, and lower non-operational results.

Finance income and costs

Net finance costs were € 11.3 million, € 2.1 million lower than in 2010 due to positive effects of forward currency contracts. Compared to the end of 2010, net debt increased from € 177.5 million to € 278.3 million, mainly due to the effect of the acquisition of Assist as of 29 December. The average interest rate on loans in 2011 was 4.2% (2010: 4.1%).

Taxation

Taxation increased by € 1.2 million to € 25.0 million. The effective tax rate was 24.8%, which is 0.2% lower than the weighted average nominal tax burden. In 2010 the effective tax rate was relatively low as a result of a release of two tax provisions as well as the sale of our stake in Anzag.

Net result and earnings per share

Net result was € 73.4 million, compared to € 76.7 million for 2010, resulting in a decrease in earnings per share from € 1.30 to € 1.26. While net result decreased by 4%, the decrease in net earnings per share was lower at 3% as a result of the lower number of shares outstanding due to the consolidation of Stichting Samenwerking Apothekers OPG (SSAO). As a result of this consolidation, the number of shares outstanding decreased by 5.87% as from 28 July onwards. Further details are provided in the Financial Statements, page 99.

The table below excludes non-operational items from EBITA and net result to arrive at EBITA and net result from ordinary activities.

CHANGE IN PRESENTATION OF REVENUE FROM DISTRIBUTION CONTRACTS

As a result of recent acquisitions, we have conducted an in-depth review of the presentation of revenues of distribution contracts, either on a fee-for-service basis ('net') or based on the underlying sales value of products ('gross'). This is to a certain extent a judgemental area. We have based our assessment on a number of criteria, including the terms of the contracts and an evaluation of how the contracts effectively work in practice. We have, for example, evaluated which elements of inventory risks, costs and credit risks are borne by Mediq or our suppliers.
To ensure consistency across the group we decided to present the revenue from two large distribution contracts in Sweden on a net basis and report the net amount of fees as revenue, as of the Annual Report 2011. Due to this change in presentation our net sales in the Annual Report 2011 is € 98 million, or – 4%, lower than presented in our quarterly press releases. The change in presentation has no effect on EBITA. Net sales presented for 2010 will remain unchanged due to lower impact.

EBITA AND NET RESULT EXCLUDING NON-OPERATIONAL ITEMS x € 1.000.000	2011	2010	CHANGE
EBITA	123.8	122.6	1%
Less: release of tax provision [3]	1.1		
Add: provision [3]	2.0		
Less: book profit on sale & lease back [1]		2.0	
Add: goodwill impairment in Poland [2]		2.2	
Less: book profit in real estate in Belgium [3]		2.7	
Less: (release of) provision for legal claim [2]		0.6	
Less: result on Anzag [3]		2.6	
EBITA from ordinary activities [4]	**124.7**	**116.9**	**7%**
Net result	73.4	76.7	**- 4%**
Add: amortisation of customer relationships after corporate income tax	9.4	5.7	
Add: above adjustments after income tax	0.7	– 4.2	
Net result from ordinary activities [4]	**83.5**	**78.2**	**7%**

[1] Pharmacies Netherlands.
[2] Pharmacies Poland.
[3] Other.
[4] Before amortisation of customer relationships, adjusted for non-operational items.

CASH FLOW STATEMENT x € 1,000,000	2011	2010
Cash flow from operating activities	94.7	82.8
Cash flow from investing activities	– 168.2	– 63.7
Cash flow from financing activities	73.7	– 60.4
Net cash flow	**0.2**	**– 41.3**

CASH FLOW STATEMENT, BALANCE SHEET, RATIOS AND FINANCING

We use the indirect method to calculate our cash flows. The net cash flow for 2011 was € 41.5 million higher than for the preceding year.

Cash flow from operating activities increased by € 11.9 million mainly due to a decrease in taxes paid compared to 2010. The average working capital as a percentage of net sales grew by 1.0 percentage point compared to 2010.

Cash flow from investing activities in 2011 was € 168.2 million negative. A total of € 153.8 million was spent on acquisitions, of which the most important were Assist in Germany and PBG in the Netherlands. Total capital expenditure in 2011 of € 23.2 million related principally to new IT systems in Sweden and Finland, other IT investments in the Netherlands and the United States, further logistical optimisation and the development of a number of primary healthcare centres in the Netherlands. The remaining positive cash flow of € 6.8 million related mainly to divestments of fixed assets (€ 5.5 million), of which the completion of the 2010 sale of pharmacy properties in the Netherlands was the most significant.

Cash flow from financing activities in 2011 was € 73.7 million and was mainly related mainly to the refinancing of the US private placements. Cash flows for our shareholders in the form of dividend were € 15.5 million. In 2010 the net cash flow from financing activities was € 60.4 million negative as repayments were higher than proceeds from borrowings.

Working capital

The average working capital as a percentage of net sales increased by 1.0 percentage point compared to 2010. Stock in days increased due to mix effects resulting from acquisitions while days of payables outstanding improved slightly. Days of sales outstanding remained stable. Working capital totalled € 203.4 million at year-end 2011, up € 18.2 million, mainly as a result of acquisitions.

Intangible assets and amortisation

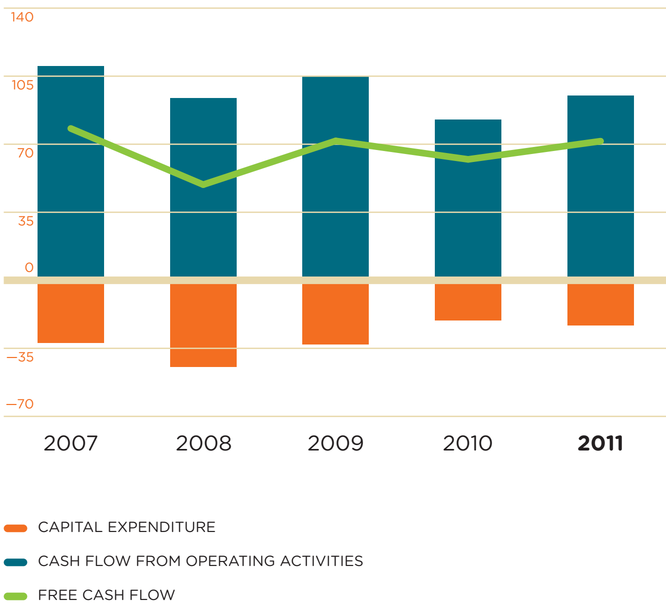
Intangible assets include goodwill, customer relationships and software and websites. Customer relationships led to an annual non-cash amortisation charge of € 12.8 million (2010: € 8.0 million). The acquisitions in 2011 added € 111.0 million to goodwill and € 18.9 million to customer relationships.

IT STRATEGY

The growing international scope and increasing diversity of ICT systems used in various countries have created a growing need for a groupwide IT strategy and organisation. The local IT departments will be supported by a central delivery organisation. The group-wide IT strategy aims to combine global efficiency with local effectiveness. In 2011 a number of milestones were defined in the implementation of this strategy. We will consolidate the number of solutions in both applications and infrastructure. For this, we reviewed all existing solutions and we have chosen solutions that have already been successfully implemented in parts of the company. We will implement these so-called preferred solutions in all business units, in a gradual way, taking into account when current solutions have come to the end of their useful life. As a result we do not expect our IT capital expenditure to increase significantly. The main elements of this IT strategy will be implemented over the next few years.

FREE CASH FLOW

x € 1,000,000



INTANGIBLE ASSETS AND AMORTISATION x € 1,000,000	2011	2010
Goodwill	472.3	364.5
Customer relationships	34.6	28.7
Software and websites	13.7	10.9
Total intangible assets (balance sheet)	**520.6**	**404.1**
Amortisation customer relationships	12.8	8.0
Amortisation other intangible assets	4.5	4.8
Total amortisation (income statement)	**17.3**	**12.8**

Financing

Net debt totalled € 278.3 million (2010: € 177.5 million) at year-end 2011. In addition to limited credit facilities of group companies for the day-to-day payment transactions, the group has credit facilities of € 542 million in the Netherlands, of which around € 430 million are committed. The headroom under our committed facilities at year-end 2011 was € 88 million. In 2011, € 30.8 million was repaid on US private placements and € 0.6 million on bilateral loans. An amount of € 22.6 million was raised under existing facilities and € 105.4 million under new US private placements in 2011. The next repayment of the credit facilities is scheduled for September 2013 and amounts to € 178.6 million.

The weighted average term of all credit facilities available to Mediq is 4.4 years. Variable interest on loans drawn under these facilities is currently converted into a fixed interest by using interest rate derivatives.

The interest cover at year-end 2011 was 13.9 (2010: 11.8) and the debt ratio at year-end 2011 was 1.7 (year-end 2010: 1.1). Both ratios therefore comfortably meet covenants in credit agreements of an interest cover of at least 5.0 and a debt ratio of at most 3.5.

Return on average capital employed

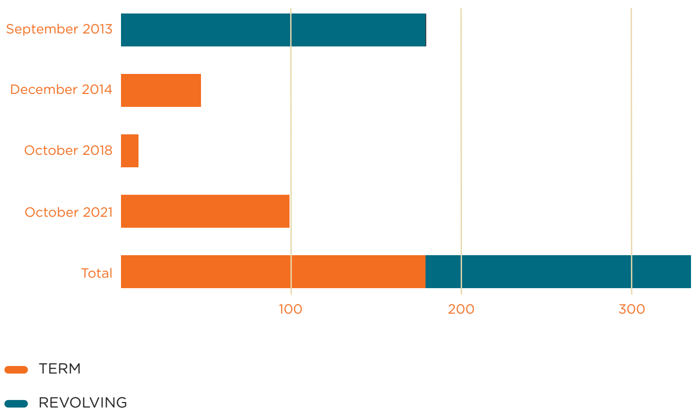
Return on average capital employed on the basis of operating result was 14.1% which is below our minimum requirement of 15% (2010: 15.4%). Over the past two years we acquired a significant number of companies, largely in countries where we were not yet active. As a result the average capital employed increased significantly. New platform acquisitions generally need more time to be integrated effectively within the organisation and have lower cost synergies than add-on acquisitions. In some cases it takes several years before an acquisition realises the required return, due to integration costs or a phased realisation of synergies. Return on average equity was 14.3% compared to 16.9% in 2010.

Dividend

We propose to distribute a final dividend of € 0.31 making for a total dividend of € 0.46, in line with the 2010 dividend. Shareholders can elect to receive dividend in cash or in shares.

DEBT REPAYMENT SCHEDULE

X € 1,000,000



MEDIQ PENSION FUND

Given the current volatile market developments, Mediq and Mediq Pension Fund are in the process of investigating possible alternatives for the current pension arrangements and pension administration models, in order to reduce the balance sheet volatility for Mediq and to reduce the efforts required to govern the pension fund. Possible alternatives could be a merger with a multi employer pension fund, an insured pension arrangement, or changing the current pension arrangements to be administrated by Mediq Pension Fund. Depending on the market circumstances it is expected that implementation of the preferred alternative will take place in 2012.

REVIEW BY SEGMENT

Direct & Institutional

- Significant acquisitions in Germany, the Netherlands, France, Norway and Sweden.
- Sales growth of 8%, of which 14% from acquisitions, 3% on an organic basis; a change of presentation of two major contracts in Sweden had a negative effect of – 9%.
- Organic growth amounted to 3%. Good growth in Direct in the Netherlands, Denmark, and Sweden was partly offset by the loss of a contract for pharmaceuticals and sustained price pressure for medical devices (both in the Dutch hospital market) and lower sales of diabetes supplies in Germany and the United States.
- Growth of EBITA from ordinary activities of 9%, largely achieved through acquisitions.

Market developments in 2011

The principal markets (diabetes, wound, ostomy, nutrition and incontinence) experienced organic growth, but the diabetes market grew more slowly than in preceding years. To an increasing extent, In the USA insurers impose usage limits on diabetes products.

The increased influence of insurers and purchasing combinations has led to an increase in the number of public tenders in several of our markets, resulting in pressure on prices.

Notes on the result

Sales growth was also achieved by the acquisitions of Romedic (1 February) and PBG (1 August) in the Netherlands, NM Médical in France (30 April), Medicus Plesner in Norway (1 July) and part of the activities of Mediq24 in Sweden (11 May). The acquisition of Assist (Germany) was completed on 29 December.

In the Netherlands, sales from deliveries of medical devices directly to patients' homes increased through the acquisitions referred to above. Organic growth was 7%. Almost all product groups reported strong sales growth.

Sales growth in the direct channel outside the Netherlands was 5%. There was robust growth in Denmark and Hungary. This was partly offset by slightly lower sales at our group company in Germany due to a decrease in type 2 diabetes patients in favour of an increase in the number of type 1 patients. Also, although diabetes sales slowed in the USA due to usage limits set by insurers, overall sales in the USA grew by 4% (in local currency).

Sales in the Netherlands for deliveries of pharmaceuticals and medical devices to institutions decreased by 1%, down from previous years due to the loss of a contract for pharmaceuticals and persistent price pressure for medical devices in the hospital market (-3%). This was only partly offset by the acquisition of PBG (2%).

The strong increase in sales in the institutional channel outside the Netherlands was mainly caused by acquisitions in 2010 and 2011 which contributed € 71.0 million in sales in 2011 (a growth of 33%). This was however more than offset by an adjustment in net sales as a result of the change in presentation of two major distribution contracts in Sweden (€ 98.2 million). The organic growth of 6% was mainly realised in Sweden and the Baltics.

EBITA from ordinary activities increased by € 8.3 million, or 9%, largely as a result of the acquisitions mentioned above. The EBITA margin from ordinary activities was 9.1%, slightly up from 9.0% in 2010. The increase is attributable to the change in presentation of two major distribution contracts in Sweden. Adjusted for this reporting change, the EBITA margin for 2011

DIRECT & INSTITUTIONAL x € 1,000,000	2011	2010	CHANGE
Direct sales in the Netherlands	**354.3**	**310.0**	**14%**
Direct sales outside the Netherlands	**274.9**	**260.6**	**5%**
Institutional sales in the Netherlands	**274.6**	**277.8**	**– 1%**
Institutional sales outside the Netherlands	**242.2**	**212.4**	**14%**
Eliminations*	**– 21.7**	**– 20.2**	
Net sales	1,124.3	1,040.6	8%
EBITA from ordinary activities	102.4	94.1	9%
EBITA	102.4	94.1	9%
EBITA margin on ordinary activities	9.1%	9.0%	
Capital employed	439.3	302.5	
Return on average capital employed	26.9%	31.4%	
Cash flow from operating activities	90.2	66.8	
Capital expenditure	11.5	7.2	
Acquisitions	152.3	85.1	
Number of employees (in FTEs, average, including temporary)	2,375	1,944	

* 'Eliminations' relates to sales between 'Institutional' and 'Direct'..

is 8.4%. This decrease is caused mainly by mix effects, temporarily higher costs in Sweden and price pressure in the hospital market in the Netherlands. The EBITA margin of 8.4% comfortably met the targeted EBITA margin of 8.0% to 9.0%.

Cash flow from operating activities was € 90.2 million (2010: € 66.8 million); the increase was caused by an improvement in working capital and the higher operating result. By contrast working capital increased in 2010 due to sales growth in Sweden in particular.

The average number of employees (in FTEs, including temporary) increased by 431 to a total of 2,375, mainly due to the acquisitions.

Outlook for 2012

We expect a further growth of sales, driven by the 2011 acquisitions and continued organic growth, despite the transfer of biopharmaceuticals to the hospital budget in the Netherlands, which will lower sales by € 60 million and the loss of a contract in the hospital pharmacy market (also in the Netherlands), causing a € 15 million decline.
We expect an EBITA margin of between 9% and 10%. This is 1 percentage point higher than our previous guidance, which mainly is related to the change in the presentation of two Swedish distribution contracts.

Achieving purchasing advantages remains a spearhead. This enables us to counter the effects of price pressure from insurers and other payers. We expect a growing portion of our sales to be achieved from tendering procedures. New initiatives for this can come both from governments (Germany, USA) and healthcare insurers (Netherlands). For us as the market leader, this also creates scope for volume growth.

Pharmacies Netherlands

- Sales decrease of 4% due to pressure on wholesaling sales caused by continuing price pressure and competition.
- EBITA from ordinary activities up € 0.8 million as a result of reorganisation provision in 2010.
- Well-positioned for market liberalisation with integrated pharmaceutical care model in place.

Market developments in 2011

Overall, the pharmaceutical market was flat in 2011, reflecting market growth of the number of prescription lines by 4% and a price decrease of 4%. Price decreases due to the preference policy and the Pharmaceuticals Prices Act (*WGP – Wet Geneesmiddelenprijzen* – see the section 'System of Fees and Reimbursements') and the lower dispensing fees were largely offset by an increase in sales of non-prescription products and the lower clawback.

Notes on the result

Segment sales decreased by 4%. Price decreases for generic pharmaceuticals as a result of the preference policy and the WGP and fierce price competition in the wholesaling market were partly compensated by volume growth. Wholesaling sales declined by 6%. This was largely due to the departure of 30 Lloyds pharmacies as of June 2010 as a result of the merger of the activities of Lloyds and Brocacef in the Dutch market. In addition the competition in the wholesaling market and the continuing price pressure adversely impacted sales.

Sales at a pharmacy level remained stable. Price decreases and a lower dispensing fee were fully compensated by an increase in the number of prescription lines. The growth was slightly lower than the market growth.

In 2011 we introduced a new integrated pharmaceutical care programme, which focuses on realising health gains and efficiency, rather than solely on the delivery of pharmaceuticals. Together with the general practitioner,

PHARMACIES NETHERLANDS x € 1,000,000	2011	2010	CHANGE
Wholesaling sales	**800.4**	**848.7**	**– 6%**
Pharmacy sales	**627.9**	**629.4**	**0%**
Eliminations*	**– 385.5**	**– 396.9**	
Net sales	1,042.8	1,081.2	– 4%
EBITA from ordinary activities	25.8	25.0	3%
EBITA	25.8	27.0	– 4%
EBITA margin on ordinary activities	2.5%	2.3%	
Capital employed	295.5	296.2	
Return on average capital employed	8.4%	8.2%	
Cash flow from operating activities	17.1	42.6	
Capital expenditure	10.4	10.4	
Acquisitions	1.5	1.5	
Number of employees (in FTEs, average, including temporary)	2,567	2,547	

* 'Eliminations' relates to wholesaling sales to group-owned pharmacies.

the pharmacist evaluates whether or not a patient is receiving the correct treatment in line with the most recent guidelines and scientific insights, whether or not a patient is taking it in the correct way (therapy compliance). With our newly developed integrated pharmaceutical care programme, we aim to play an important role in increasing the effectiveness of the therapy through higher compliance, and by that in reducing costs in primary and secondary care. Another aim is to lower the costs of pharmaceuticals, by helping GPs to prescribe in a cost-effective way.

The implementation of the strategy to stimulate sales was driven ahead. The nationwide Mediq pharmacy marketing campaign was continued successfully: aided brand recognition improved further to 73% as at the end of 2011. Additionally, sales from non-prescription pharmaceuticals increased 6%, outgrowing the market. The number of private label (OTC) products rose from 66 to 86.

EBITA from ordinary activities increased by € 0.8 million. This increase was due to a provision of € 2.9 million recognised in connection with the reorganisation in 2010. When correcting for that effect, EBITA from ordinary activities decreased. A slight increase of the gross profit margin was more than offset by higher operating costs, mainly as a result of investments in integrated pharmaceutical care programmes and higher transportation expenses.

In 2011 we opened two new pharmacies in Breda and Uithoorn, both in primary healthcare centres, and acquired one former franchise pharmacy (Staphorst). Two pharmacies were integrated into other pharmacies at the same location, bringing the total number of pharmacies to 226 at year-end 2011. Of the total, 8 are held as a minority shareholding (2010: 225 and 8 respectively). Additionally, the number of Mediq pharmacies on a franchise basis rose to 21. Meanwhile, 78 of our pharmacies form part of primary healthcare centres, which also house a number of GPs and sometimes other healthcare providers as well. This further strengthened our local market positions.

We invested € 10.4 million in distinctive healthcare programmes and process innovations to improve our services and maintain our future profitability in a changing market. The principal investments were in robots for the central processing of repeat medication (central filling), ICT and primary healthcare centres. Overall, capital expenditure was unchanged at € 10.4 million.

The average number of employees increased by 20 to 2,567. The number of FTEs at Systemfarma, the group company that packages pharmaceuticals by ingestion time at a central location, has grown again, reflecting strong volume growth. The reorganisation which was in progress since mid-2008 has been completed. The targeted total workforce reduction of 450 FTEs has been realised.

Cash flow from operating activities, at € 17.1 million, was € 25.5 million lower than last year, due to higher working capital as a percentage of sales.

Outlook for 2012

In October, Mediq was the first in the market to announce a ‘new style’ contract: a multi-year contract with Achmea, of which the integrated pharmaceutical care programme is an integral part. We have contracts in place with all health insurers for 2012. Now that prices are no longer set for the entire market by a regulatory body, but are based on bilateral agreements with insurers, there is more room for entrepreneurship and for investing in the quality of services provided to patients. As the largest pharmacy chain Mediq is well-positioned to benefit from these changes. On balance, the fee Mediq will receive from the insurers for pharmaceuticals and related care services will be in line with the fee for 2011.

For 2012 for the segment we expect a decrease in sales, reflecting the switch of the chain of 41 Medsen pharmacies to another wholesaler, with an adverse effect on revenues of € 60 million. Also, patent expiration on a large number of pharmaceuticals will have a negative impact.

The sales decrease, in combination with salary increases under the Collective Labour Agreement, will lead to a decline in EBITA.

Pharmacies Poland

- Sales decline due to organic decrease of wholesaling revenues due to strong price competition.
- Sales growth of pharmacies slightly higher than the market.
- EBITA from ordinary activities decreased due to strong competition ahead of upcoming new legislation (as of 2012).

Market developments in 2011

The market for pharmaceuticals in Poland grew by around 2% in 2011, slowing significantly compared to previous years (5%). The total number of pharmacies edged down again. Competition increased in anticipation of upcoming new legislation as from 2012.

Notes on the result

Sales declined by 4% due to an organic decrease of 1% and a depreciation of the Polish zloty by 3%.

Sales of the wholesaling activities decreased by 2% in local currency, mainly due to a slight loss of market share. In anticipation of new legislation: per 2012, which will lead to fixed margins and thus less intensive competition, competition for market share was very intensive during 2011. Our market share remained level at 7%.

Sales of our pharmacy chain rose by 3% in local currency due to organic growth. This organic growth was slightly higher

PHARMACIES POLAND x € 1,000,000	2011	2010	CHANGE
Wholesaling sales	**436.9**	**457.9**	**– 5%**
Pharmacy sales	**158.4**	**158.9**	**0%**
Eliminations*	**– 90.0**	**– 91.5**	
Net sales	505.3	525.3	– 4%
EBITA from ordinary activities	1.0	2.0	– 50%
EBITA	1.0	0.4	> 100%
EBITA margin on ordinary activities	0.2%	0.4%	
Capital employed	103.1	121.4	
Return on average capital employed	0.9%	0.3%	
Cash flow from operating activities	4.6	- 14.1	
Capital expenditure	1.1	1.9	
Acquisitions	-	3.8	
Number of employees (in FTEs, average, including temporary)	2,426	2,533	

* 'Eliminations' relates to wholesaling sales to group-owned pharmacies.

than the market growth. Significant progress was achieved in building up specialist knowledge, mainly specific diabetes expertise in 111 pharmacies, and raising sales of OTC products. This was realised by expanding the range of private label products and by the conversion of pharmacies into a self-service format.

The decrease of EBITA from ordinary activities by € 1.0 million was due to lower wholesaling sales and a lower gross margin.

To address the operational and financial performance of the wholesale operations we have a number of initiatives in place to improve service levels, and to reduce costs, partly by optimising our logistical footprint and by integrating call centres.

Our number of pharmacies decreased by 2 to 197 (2010: 199). The roll-out of the Mediq pharmacy formula was completed. In the past year we rebranded 10 of our pharmacies to the Mediq pharmacy formula, bringing the total number of group-owned Mediq Apteka pharmacies to 180 at year-end. In addition, the number of franchise pharmacies increased strongly to 29 (2010: 3).

Cash flow from operating activities was € 4.6 million positive, a significant improvement of € 18.7 million compared to 2010. This increase was driven entirely by an improvement of working capital, most notably a decrease in stocks. In 2010 we faced a temporarily higher working capital requirement as a result of the delayed integration of a number of regional distribution centres.

Outlook for 2012

New reimbursement legislation and a number of other legal acts have become effective in 2012: the system of maximum prices has been replaced by fixed official selling prices to patients and a fixed mark-up for wholesalers. At the present time it is hard to estimate the total impact of the new legislation as positive effects from a fixed mark-up for wholesaling could largely be offset by increased price competition on OTC in pharmacies.

Overall for the segment, we expect revenue growth in line with the market. We also expect to achieve improved profitability both at our pharmacies and wholesaling operations.

OTHER x € 1,000,000	2011	2010	CHANGE
Net sales (incl. eliminations)	– 14.7	– 13.2	
EBITA from ordinary activities	– 4.5	– 4.3	– 5%
EBITA	– 5.4	1.1	
Capital employed	36.4	20.9	
Capital expenditure	0.2	1.1	
Number of employees (in FTEs, average, including temporary)	51	52	

Other

'Other' includes the results of activities not allocated to segments. EBITA decreased by € 6.5 million largely driven by a lower level of one-off items. In 2010 the result from our 6% stake in the listed German pharmaceutical wholesaler Andreae-Noris Zahn AG (Anzag), from dividends and realised share price changes, was € 2.6 million. We sold this equity interest, which had no longer been part of our core activities for some time, on 21 December 2010. The year 2010 also included a book gain of € 2.7 million on the sale of the remaining properties in Belgium that we still held in connection with the pharmaceutical activities sold in 2009.

The two non-operational items in 2011 related to the partial release of a tax provision of € 1.1 million and the recognition of a provision of € 2.0 million.

EBITA adjusted for non-operational items declined by € 0.2 million, mainly due to slightly higher corporate costs.

AWARE OF OUR ROLE IN SOCIETY

AS A COMPANY WORKING IN HEALTHCARE WE ARE NATURALLY COMMITTED TO THE COMMUNITIES IN WHICH WE OPERATE. DEVOTING ENERGY AND EFFORT TO INFORMATION AND PREVENTION IS THEREFORE SECOND NATURE TO US. BUT WE GO FURTHER THAN THAT ...

One of the four spearheads in terms of corporate social responsibility is: to make a difference in society. Many of our employees are working on this with their hearts and souls, often in connection with their own work. It is gratifying that we could mention many examples of this. We are proud of the passion our employees demonstrate in serving our customers, and in supporting several community initiatives. <

Our focus: young people and diabetes

Apart from various different local projects being supported and organised throughout the company, there is one specific theme that is close to our heart: young people and diabetes. We are confronted through our activities in this field in various countries with the debilitating effects diabetes can have and know how important it is to adopt a regular structure in your life and to take the medication on time. This is often a major problem at a young age. Hence the several projects that we support and activities that we undertake to support these young people, in countries such as Germany, The United States, Poland and the Netherlands.

Ewa Polakowska and Beata Gąsiorowska

Ewa Polakowska and Beata Gąsiorowska, put a great deal of effort into providing information and into fund-raising, mainly for children and the elderly. They work with the Dr. Clown Foundation, for instance, where they obtain money and small gifts for young patients. For the elderly, they contribute to a TV programme called 'Be healthy' that focuses on information and prevention in health matters. All their extra activities cost a lot of time, but they are highly committed to their causes. They also encourage other pharmacy employees of Mediq Apteka to contribute and are therefore role models for the way in which Mediq aspires to demonstrate its social commitment.

Fees and reimbursements for medical devices and pharmaceuticals

THE REIMBURSEMENT SYSTEMS IN THE VARIOUS COUNTRIES FOR MEDICAL DEVICES, PHARMACEUTICALS AND THE ASSOCIATED DISTRIBUTION AND CARE SERVICES ARE COMPLEX. INCOME IS DETERMINED TO A SIGNIFICANT EXTENT BY GOVERNMENTS AND PAYERS (FOR EXAMPLE INSURANCE COMPANIES). THIS SECTION DISCUSSES THE MOST RELEVANT LEGISLATION, REGULATIONS AND PAYERS IN THE MOST RELEVANT COUNTRIES IN THIS CONTEXT.

MEDICAL DEVICES

DIRECT ('BUSINESS-TO-CONSUMER')

We deliver medical devices and related services to patients via the direct distribution channel, largely on the basis of an authorisation from the healthcare professional and paid for by the insurer or other payer.

Mediq delivers medical devices that are eligible for reimbursement (by private or government bodies). The reimbursement prices are set by the paying parties, which differ by country. In addition, regulations for patient co-payments vary from country to country.

In the Netherlands there is private funding by healthcare insurers. Medical devices have list prices that are set by the manufacturers and are publicly disclosed. The government does not set maximum prices or statutory reimbursement limits. Reimbursement rates are negotiated with individual healthcare insurers.
Recently healthcare insurers have started to develop different reimbursement models, for example based on an average maximum annual reimbursement per patient for certain chronic conditions, or based on a set daily reimbursement amount for certain chronic conditions. There is a patient co-payment in the form of an annual deductible for all medical services.

In the USA, medical devices are partly reimbursed by public bodies (Medicare and Medicaid) and partly by private health-care insurers. Several public bodies are shifting insurance coverage to private healthcare insurers ('managed care'). The diversity of private healthcare insurers is considerable.

A patient co-payment always applies, which can however be reinsured.

In Germany, Norway and Denmark, funding is provided by public bodies (Krankenkassen and municipal bodies). In Germany, the Krankenkassen apply a patient co-payment for uninsured risk, maximised per delivery. Healthcare insurers are increasingly influencing prescribers to prescribe lower priced test strips and generic prescriptions wherever possible. In Norway, medical devices are reimbursed by a public body and there is a maximum patient co-payment per annum, depending on the type of medical service. In Denmark, there are no co-payments.

Relevant policy developments: USA

It is expected that as from the summer of 2013, diabetic supplies to Medicare beneficiaries (retirees) can only be delivered by suppliers that are awarded a contract under the national mail order competitive bid programme. Bids have to be submitted in the first quarter of 2012. Mediq will participate in the bidding process. This presents the risk of not being contracted, as well as the opportunity of expanding our business as a selected supplier.

INSTITUTIONAL ('BUSINESS TO BUSINESS')

Within the institutional channel, Mediq delivers medical devices to professional customers which, in most countries, are state-funded. The funding is typically administered by municipalities and/or regions. The agreements and price-setting with hospitals and care institutions are based on the EU-tendering model. These agreements run for a period of one to two years and normally include a prolongation period of one to two years. In general we are seeing a reduction in the number of municipalities and regions. These larger buying groups have greater purchasing power and are becoming more price-focused in order to mitigate the increasing costs of healthcare.
In case of sales to GPs and specialists, there is a business to business relationship and, in general, commercial agreements are applicable.

In Denmark, municipalities fund care institutions while regions fund hospitals. In Finland, Sweden and Norway most of the funding is done by the regions and municipalities.

There is a small but growing private healthcare offering in most countries, typically funded by private insurance.

EU-TENDERING MODEL

The agreements and price-setting with hospitals and care institutions are based on the EU-tendering model.

PHARMACEUTICALS IN THE NETHERLANDS

PRESCRIPTION PHARMACEUTICALS

Up-to-and-including 2011 the income of a Dutch pharmacy was highly regulated via a set prescription fee and a number of pricing controls for pharmaceuticals. As of 2012, pharmaceutical prices and the reimbursement of pharmaceutical care have been deregulated.

Dispensing fee up to the end of 2011

The dispensing fee is the fee a pharmacy receives from the healthcare insurer in return for its services. These services are provided, for instance, in connection with the dispensing of pharmaceuticals to patients. The average dispensing fee during 2011, as set by the Dutch Healthcare Authority NZa, was € 7.50. As in 2010, the Dutch Healthcare Authority allowed for a maximum fee of € 10.00 in 2011 to reflect specific additional services as agreed between the pharmacy and insurer, for instance on implementing care services and on meeting certain quality criteria. In the past few years, Mediq has used this scope for customised arrangements with insurers.

Pricing of pharmaceuticals up to the end of 2011

The pricing of prescription pharmaceuticals is governed by the Pharmaceuticals Pricing Act (*Wet Geneesmiddelenprijzen – WGP*), the list price of pharmaceuticals (the *Taxe*) and the Pharmaceuticals Fee System (*Geneesmiddelenvergoedings-systeem – GVS*). The WGP determines the maximum price of pharmaceuticals in the Netherlands. Those maximum prices are based on the average prices in Great Britain, Belgium, France and Germany and are re-set every six months by the Ministry of Health, Welfare and Sports. The list price or *Taxe* is the officially registered asking price that manufacturers set for their pharmaceuticals. In setting the list price, manufacturers take account of the reimbursement limit for a pharmaceutical set by the government on the basis of the GVS. The GVS regulates reimbursements for pharmaceuticals. It determines how pharmaceuticals are classed in clusters of mutually interchangeable pharmaceuticals and how reimbursement limits are calculated. A maximum reimbursement is set for each cluster. If the price exceeds this, the patient has to make a co-payment. In practice, the prices of most pharmaceuticals are below this reimbursement limit.

Manufacturers' list prices form the basis for the purchasing and selling of pharmaceuticals by pharmacies. In practice, there is a difference between the official list prices of pharmaceuticals that pharmacies charge to healthcare insurers and the purchasing price for pharmaceuticals. That difference is known as the purchasing margin that pharmacies receive from manufacturers via wholesalers. Since the late 1990s, there has been a clawback, set by the government. For 2011, a clawback of 6,82% with a maximum of € 6,80 per pack has been in place.

Under what is known as the preference policy, insurers designate specific pharmaceuticals within a group of pharmaceuticals with the same active agent and mode of administration as preferred pharmaceutical. GPs and pharmacists can only deviate from this designated pharmaceutical in specific cases. For each active agent with the same method of ingestion and strength, the healthcare insurers designate one or more preferred medication labels if there is a price difference between brands of a specified percentage, which may differ for each healthcare insurer. The cheapest brand of medication is then designated as preferred product, together with all other brands of this medication within a specific price range (which may differ for each healthcare insurer) above the price of the cheapest label. Products outside that range are not eligible for reimbursement. The preference policy has led to enormous price decreases since June 2008. The purchasing margin on generics, formerly the principal source of income for pharmacies, declined very steeply as a result.

Pharmaceuticals prices and the reimbursement of pharmaceutical care as of 2012

As of 2012, the prices for pharmaceuticals and pharmaceutical care have been deregulated. They are now based on bilateral agreements between the pharmacy and the healthcare insurer, using the pharmaceutical services as defined by the Dutch Healthcare Authority as a framework. In addition to delivering pharmaceuticals and the associated care, for instance providing instructions (dispensing), reimbursements can also be received for additional services, directed at enhancing therapy compliance, advising on complex pharmaceuticals use and providing information to certain groups of (chronic) patients.

For this purpose, Mediq pharmacies have an integrated pharmaceutical care programme in place. This programme provides insight into whether the patient's use of pharmaceuticals is optimal. Together with the general practitioner the pharmacist decides whether or not a patient is receiving the correct treatment, whether or not a patient is administering it in the correct way (therapy compliance) and whether or not the pharmaceutical treatment is in line with the most recent guidelines and scientific insights. Better use of pharmaceuticals reduces the chance of complications and prevents unnecessary hospital admissions. The programme is mainly intended for patients who take pharmaceuticals for chronic conditions.

Free pricing of pharmaceuticals is not arbitrary but will take place within a regulated framework comprising both the WGP and the GVS as price controls. The regulated clawback has however been abolished.

SELF-CARE PHARMACEUTICALS AND OTHER (OTC) PRODUCTS

The last source of income is the sale of OTC ('over the counter') products such as skin care products and vitamins. The pricing of these products is not regulated. They are generally not reimbursed although customers can sometimes be entitled to reimbursement under voluntary supplementary healthcare insurance.

RELEVANT POLICY DEVELOPMENTS

Transfer of biopharmaceuticals to hospital budget

As from January 2012, the purchasing of biopharmaceuticals for conditions such as rheumatoid arthritis has been transferred from the basic individual insurance reimbursement to the hospital budget. In the past years, Mediq used to deliver a substantial part of these products to patients in home healthcare settings. From 2012 onwards these products will be purchased by hospitals, which also have to take care of the delivery to patients, together with nursing care if required. We believe it is important for patients to receive this care at home, instead of having to visit a hospital. The policy change has required an adjustment of the business model for our group company that delivers this specialised medication; from full-service pharmacy on a stand-alone basis to delivery, on a fee-for-service basis, in cooperation with the hospital. At the end of 2011 we had a number of contracts in place with hospitals. Further talks are still ongoing.

Lump-sum contracting for patients with chronic conditions

The previous government introduced a different way of funding healthcare for patients with chronic conditions. This lump-sum contracting (known in Dutch as *integrale bekostiging*) was intended to contribute to better cooperation (integrated pharmaceutical care) between the various healthcare providers, including GPs, pharmacists and nurse practitioners. The principle is that healthcare providers are no longer paid separately; instead, an amount is agreed between a principal contractor for this integrated healthcare and a healthcare insurer. A start was made in January 2010 with two conditions: diabetes and vascular risk management. This also includes respiratory and pulmonary conditions (COPD) as from July 2011. Pharmaceuticals and medical devices are not yet part of the lump-sum system, and inclusion is not expected before 2013.

PHARMACEUTICALS IN POLAND

Polish pharmacies earn income from the sale of prescription pharmaceuticals (around 60% of sales) and other products (around 40% of sales).

The Polish government has significant influence on the income of pharmacies. It negotiates and agrees maximum prices of reimbursed prescription pharmaceuticals with the pharmaceuticals industry and sets the reimbursement levels for prescription pharmaceuticals at least twice a year. There is no direct equivalent of the dispensing fee system used in the Netherlands.

In Poland, almost 50% of the pharmaceutical product range is not reimbursed by the state-run national health insurance system and has to be paid for by customers themselves. A gradual reimbursement system is used for the remaining 50% of products, according to type of pharmaceutical and the medical condition subject to treatment. There is full reimbursement for certain categories of pharmaceuticals and certain groups of patients, subject to a patient co-payment of PLN 3.20 in some cases. There are rules for patient contributions of 30 to 50% of the official reimbursed price for other categories of pharmaceuticals. If a prescriber prescribes or a patient chooses a different brand with the same active agent, the patient has to pay the pharmacy any difference above the maximum reimbursed price set by the government. The pharmacy's margin on all products comes from negotiating with wholesalers or directly with manufacturers.

RELEVANT POLICY DEVELOPMENTS

In 2012 a new reimbursement act and a number of other legal acts have become effective. According to the new legislation the system of maximum prices of pharmaceuticals has been replaced by fixed official selling prices to patients. The selling price will be based on the manufacturers' price, as negotiated by the government with the manufacturers, plus a legally determined wholesale and retail mark-up. Discounts and rebates will not be allowed under the new reimbursement system, meaning that manufacturers will not be able to transfer discounts into the distribution channel.
The reimbursement limit for a given product category will be based on the highest price among the 15% lowest-priced products in that category and is fixed for every product in the category. In Poland the retail price consists of the government reimbursement and a patient co-payment. The patient co-payment differs between products in one category depending on the negotiated manufacturer price. Under the former law the pharmacy margin was based on the retail price of the product. In the new legislation the pharmacy margin will be based on the reimbursement limit and fixed in zloty for every product within one category. The new legislation also includes a ban on pharmacy advertisements, which used to be market practice in the Polish market.

The wholesale mark-up on the manufacturers' price will be 7% in 2012, 6% in 2013 and 5% from 2014 onwards. This relates only to reimbursed pharmaceuticals. A fixed wholesale mark-up and elimination of discounts should in principle improve the profitability of our wholesale activities in 2012 and 2013. However, it is expected that price competition on OTC will increase. It is hard to estimate the impact of the new act precisely due to potential demand shifts between different products as a result of changes in prices and patient co-payment.

CO-PAYMENTS

In Poland, almost 50% of the pharmaceutical product range has to be paid for by customers themselves.

CORPORATE SOCIAL RESPONSIBILITY

Sustainable developments

THIS 2011 REPORT PROVIDES FOR THE FIRST TIME RESULTS ON OUR CSR KPIs. WE MEASURE THESE KPIs IN A FOCUSED AND STRUCTURED WAY, IN ORDER TO DETERMINE OUR CONTRIBUTION TO THE FOUR FOCUS AREAS.

FOUR FOCUS AREAS

Mediq has formulated and detailed four focus areas with the help of group-wide working groups. The working groups worked together closely for four months to explore and map these areas.

OUR STRATEGY

For Mediq, Corporate Social Responsibility (CSR) is about doing business profitably while simultaneously pursuing social progress and environmental quality. Working in healthcare as we do provides an extra stimulus in that respect. We accept responsibility for the impact of our business operations on the world around us. This means delivering the right products and the best advice for patients and professional customers, providing a good working environment for our employees, minimising the environmental impact of our operations and making a difference in the communities in which we operate. As Mediq plays a leading role in most of its markets we believe it is our responsibility to have a leading role in CSR as well. We can only achieve this by working with our stakeholders. We also want to be an attractive company to work for and we seek to recruit the best people to join Mediq. We are innovative and want to share and replicate our success.

FOCUS AREAS AND AGENDA

Together with our core values and company rules, the following focus areas form the basis of our CSR policy:

- caring for the patient;
- providing a good working environment;
- minimising our environmental impact;
- making a difference in the community.

We started in 2010 to work extensively with internal project teams to define these four company-specific CSR focus areas and the related key performance indicators (KPIs). 2011 was the first year in which we measured these KPIs in a focused and structured way, in order to determine our contribution in these four focus areas. The 2011 CSR results are the basis for the further roll-out of our CSR policy and a continuous improvement programme. In the last quarter of 2011 we evaluated the results of our measurements in 2011. We decided to continue to measure the same KPIs in 2012. Alongside this we will define a programme with targets for CO_2 reduction and for responsible supplier management. We will start monitoring consumer complaint levels at the group companies. We will share knowledge and experiences across the company via an active corporate responsibility network with a commitment to continuous improvement. We will work on building a strong corporate social responsibility culture in the company. The progress of our work and results in our CSR programme will be published on www.mediq.com and updated regularly.

WHAT WE ACHIEVED IN 2011

In 2011 we collected the data resulting from measurement of the KPIs that are relevant for Mediq. This was done on a quarterly basis. This annual report covers CSR progress in the period from 1 January 2011 to 30 September 2011, the first three quarters of 2011. The reason for this shorter period is that the Q4 CSR results are not available before publication of the annual report in February 2012. Our next annual report will cover a full year: from Q4 2011 to Q3 2012. For the current report we collected data from eleven of our group companies, representing sales of € 1.9 billion in the first three quarters, or 73% of Mediq's total sales in 2011. At this stage, we have chosen to exclude the smaller group companies in the Baltics, Hungary and Switzerland and the newly acquired companies. The year 2011 was the first year of KPI measurements. We have worked hard on the accuracy and completeness of the data, but we know the data included in this report still contain errors.

The CSR data reported are collected through the internal financial reporting system. The results for the various KPIs are reported every quarter by CFOs of the group companies to the corporate finance department. The results are consolidated and discussed in the CSR council. Within six weeks after the close of a quarter the CSR report is sent to all the group companies. A senior manager is responsible for implementing the strategy and delivering the action programme for each of our focus areas.

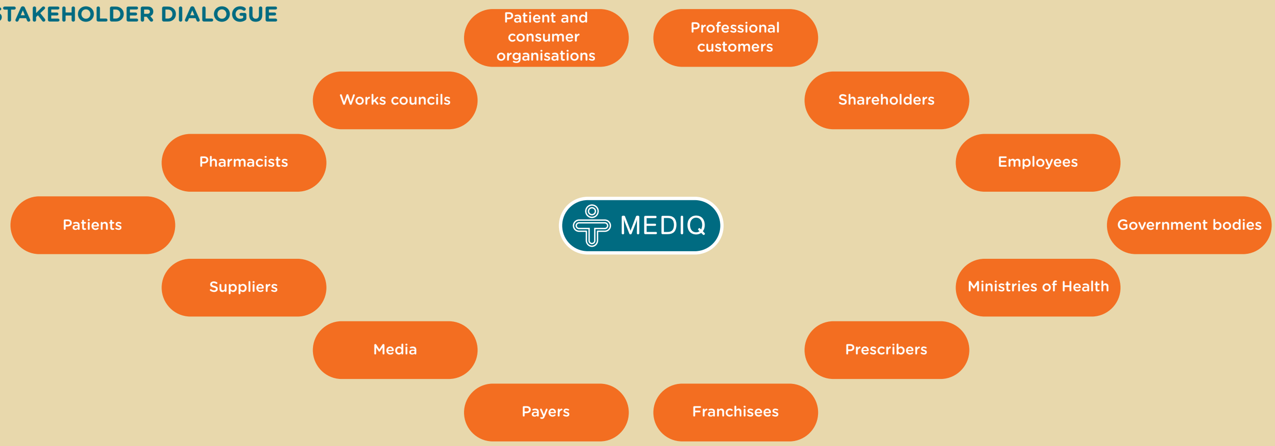
In March 2011, before we started the data collection process, we organised a kick-off meeting for the Mediq CSR programme for our employees. We took every opportunity to communicate internally about our CSR policy and programme and increase awareness, for example by publishing articles on a range of CSR subjects in internal newsletters and on the intranet. We discussed the programme with various works councils within the group. Also, we have been responsive to customers' and investors' requests about our CSR policy and actions.

We participated in the Dutch transparency benchmark organised by the Ministry of Economics in 2011. We were ranked 85th out of 400 companies. Mediq ranked 30th in the VBDO (Dutch Association of Investors for Sustainable Development) Responsible Supply Chain Benchmark of forty Dutch listed companies.

CSR GOVERNANCE

We have set up an organisational structure for the governance of CSR to ensure that our CSR policy is implemented effectively. The Executive Board has the ultimate responsibility for CSR. The CSR council sets the direction for the strategy and CSR programme and the Executive Board approves it. The CSR council has 9 members and meets 4 times per year. The members are 3 group company directors and 6 corporate staff directors. Operational responsibility for CSR lies with our Corporate Director Quality Assurance and Safety. In 2011 our Internal Audit department performed an assessment on the data collection process. This led to some recommendations related to the completeness and accuracy of information, the majority of which were already implemented in the second half of 2011. In 2012 we will further implement recommendations in the reporting system and improve the accuracy of information. This is the reason that we have decided to postpone the involvement of an independent external party for verification of the CSR data till next year.

STAKEHOLDER DIALOGUE



STAKEHOLDER DIALOGUE

Our company's success depends on how we meet patients' needs and on how we incorporate other stakeholders' views and interests in our business strategy. We engage with customers, patient and consumer organisations, professionals, prescribers, payers, employees, works councils, manufacturers, governments and investors. We are keenly aware of the importance of this engagement. We organised several meetings and interviews in 2011. We plan to perform a stakeholder review in 2012 that will focus on CSR. The outcome of these dialogues will provide input for updating our CSR strategy. We aim to work in an environment where we develop strong partnerships with suppliers and customers to further build the CSR agenda.

CARING FOR THE PATIENT

The patient is at the centre of everything we do. We offer healthcare services that go beyond the delivery of healthcare products alone. It is our ambition to actively improve patients' health or help them cope better with chronic or incidental illnesses. Our efforts in this field are embodied not only by the employees that serve patients directly, but by everyone throughout the group, to ensure that all our services are delivered as efficiently and effectively as possible.

WE HELP PATIENTS TO GET BETTER OR COPE WITH THEIR CONDITION

We see it as our responsibility to ensure that patients receive successful pharmacotherapy and medical devices. For this reason, we proactively intervene in treatments within our realm of responsibility to enhance patient compliance.
We also encourage patient education and self-management. We have train-the-trainer modules, which we use for the education of care providers and prescribers. Direct group companies and institutional companies educate professionals such as nurse practitioners through clinical lessons, workshops and e-learning modules.

WE WORK ON AWARENESS

Mediq aims to increase patient awareness of health and health risks. We do so by giving patients the opportunity to participate in health screening programmes and patient information sessions as well as by providing information online and through patient magazines.

RAMADAN CHECK IN MEDIQ PHARMACIES NETHERLANDS

During the Ramadan in July 2011, Muslims were given free advice in Mediq pharmacies on how to cope with their medical treatment during the Ramadan.

REDUCING WAITING TIME

Our target is to reduce the waiting time for our customers in the Dutch pharmacies. We are working on a range of solutions, including the use of a pharmacy app for smartphones.

WE AIM TO EXCEED CUSTOMER EXPECTATIONS

We see it as our responsibility to deliver products and services that live up to the specific wishes of our patients and institutional customers. We want to know what customers think of the way we do our job and whether we meet their expectations. For this reason, we conduct customer surveys and engage in ongoing dialogue with patients and patient organisations.

Mediq wants all business units to conduct customer satisfaction surveys so that we know how our performance is rated by customers. In 2011, four group companies did not perform customer satisfaction surveys due to reorganisations and delays. These surveys are planned for 2012.
We have customer complaint procedures in place for customers to report their concerns. We take all complaints seriously and learn from them in order to prevent similar problems in the future. In 2012 we will start central monitoring of our customer complaints levels in the various group companies. Incidents involving medicines or medical devices that can endanger people's health are currently reported to the Executive Board.

WE GUARANTEE PRODUCT QUALITY AND SAFETY

As orchestrator of the supply chain, we feel responsible for the supply of safe products to the market. All our group companies have a quality manager in place. Best practices in quality systems are shared and we perform internal audits. The measures we take regarding quality and safety are:

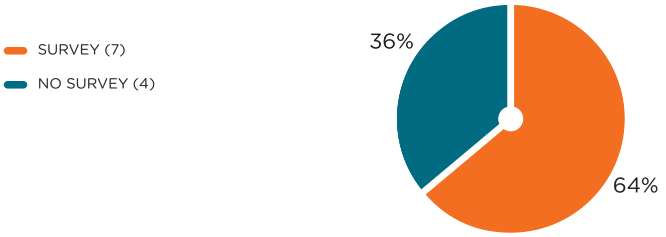
- compliance with laws and regulations;
- internal guidelines and external certification schemes;
- evaluation of suppliers to ensure quality and prevent counterfeiting.

We aim for a minimum of 90% certification coverage of our management processes in 2012. The present total coverage of quality certifications is at 81% (based on net sales) of Mediq. The most commonly-used quality system in our group companies is ISO 9001. We also have other quality systems in place, including product-related quality systems such as ISO 13485 and environmental systems such as ISO 14001.

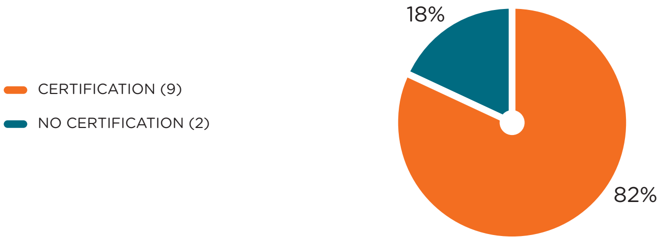
We feel responsible for the health and safety of our patients and therefore source our products with the utmost care. Mediq's supplier policy states our intention to shift from traditional sourcing to sustainable sourcing. This means that we will include CSR aspects in our negotiations with suppliers. We have systems in place to verify the authenticity of pharmaceuticals and medical devices. We started to implement our Code of Ethics for Suppliers in 2010, aiming to complete this implementation in 2011. We continue the implementation in 2012. We decided to include our Code of Ethics in newly negotiated contracts with suppliers.

We will review the Code of Ethics for Suppliers in 2012 and include the latest ILO guidelines as well as the 2011 OECD guidelines for multinational enterprises.
We have carried out a risk assessment of our suppliers. The majority of our suppliers are non-exclusive suppliers, i.e. suppliers that supply branded pharmaceuticals and pharmaceutical devices to Mediq and to other distributors. The suppliers of Mediq's private label products and of exclusive products (products marketed by Mediq as the single distributor) are per definition defined as high-risk suppliers. We have started auditing these high-risk suppliers and will intensify our verification programme in 2012. Mediq is involved in and contributing to the development of legislation to prevent counterfeit products from entering the market. Mediq is also contributing to new guidelines for Good Distribution Practice (GDP) for pharmaceutical products.

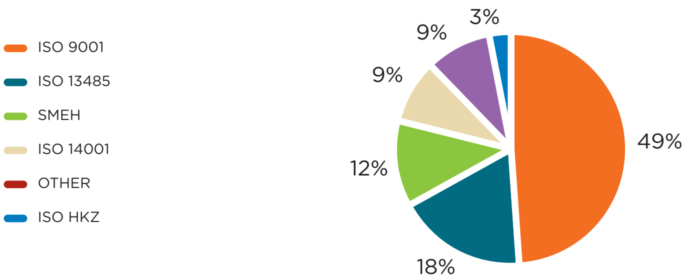
% GROUP COMPANIES THAT PERFORMED CUSTOMER SATISFACTION SURVEYS IN 2011



% GROUP COMPANIES WITH AN ISO 9001 CERTIFICATION IN 2011



% QUALITY CERTIFICATIONS IN 2011



EMBLEM OF QUALITY OF SERVICE

Mediq Apteka in Poland was awarded the Emblem of Quality of Service, joining an elite group of Top 100 'most friendly' companies in Poland. The award is a sign of patients' trust and satisfaction.

NOMINATION FOR THE MOST TRANSPARENT ANNUAL REPORT

Mediq won a Scenter nomination for the most transparent annual report of 2010. Mediq's annual report was rated the most transparent report of all listed companies and placed second out of all hundred companies' reports. Mediq had won already the prestigious Sijthoff-prize in 2010 for the best annual report of 2009.

HEALTH INNOVATION FUND TWO

At the beginning of July 2011, Mediq signed a contract to participate in Health Innovation Fund Two, together with the Dutch bank ABN AMRO and the Dutch healthcare insurer Uvit. The fund invests in small, innovative start-up companies.

PROVIDING A GOOD WORKING ENVIRONMENT

Mediq's human resources policy aims to help its employees to develop in such a way that they contribute to the objectives of the organisation while at the same time developing their skills and competences. It is important to strike the right balance between Mediq's ambitions and those of its employees, using the Mediq core values as a basis. We aim to create a working environment in which employees feel challenged, where they can develop their skills and competences and where they can be successful.

DIVERSITY

We employ people in fifteen different countries who come from an even wider range of nationalities. While we have many female employees, their numbers within top management are limited. We try to identify female talent at an early stage and stimulate them to move on to key positions. Our ambition is to increase the proportion of women in senior management positions.
For Mediq as a whole the split between male and female is 24% versus 76%. This is distributed between the three different levels (senior management, middle management and operational staff) as shown in the graph.

RECRUITMENT AND RETENTION

Mediq aims to attract capable people who want to work in a company that combines healthcare and entrepreneurial drive. We seek employees who are flexible, ambitious and passionate about working in the healthcare business.

Mediq stimulates the exchange of employees between group companies because it provides additional value to both the employee and employer. In 2011, five new long-term exchanges commenced: two Board positions in Poland and CFO positions in Norway and the USA were filled by Dutch colleagues. In addition, a Finnish colleague joined Medeco in Oud-Beijerland.

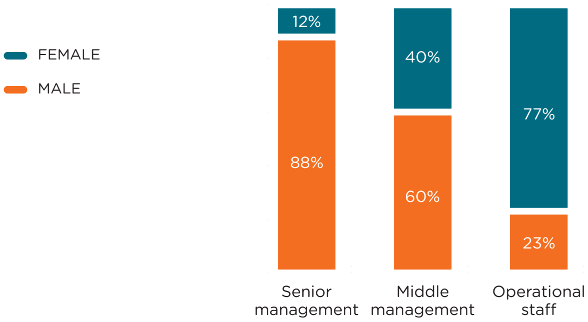
TALENTED WOMEN

In September of 2011 Mediq started to investigate the career perspectives of talented women within the company in the Netherlands. Mediq is looking for answers to the following three questions:

- how do talented women at Mediq view their own career opportunities;
- to what extent do culture and style of leadership influence their career perspectives;
- how attractive is Mediq as an employer; are there additional opportunities for attracting female talent?

The results of this review will be reflected in recommendations and actions. In order to explore this issue in a broader social context, Mediq is participating in the research for McKinsey's 'Women Matter'.

DIVERSITY MALE/FEMALE IN 2011



Employee turnover rate

The employee turnover rate provides information on how long employees tend to stay within the company. A high turnover can be harmful to a company's productivity if too many skilled employees are leaving and the employee population contains a high percentage of new employees. A very low turnover can however mean that the company lacks the stimulus of new influences contributed by new employees.

Half the people of the total of 13% who left Mediq in 2011 did so at their own request. The other half left for other reasons, such as reorganisations, sub-par performance, or illness. Total turnover of 13% is inherent to developments within Mediq, such as ongoing efficiency improvements.

AGE DIVERSITY

Age diversity provides information about the composition of the workforce. This year we are publishing current age diversity data for Mediq for the first time.

Part-time / full-time headcount

Information on gender diversity is needed to analyse the balance between part-time / full-time employees at different levels in the group companies.
We have many part-time employees in the Netherlands and Germany, countries with an established tradition of part-time work. Mediq adapts its recruitment of part-time and full-time employees to the local situation and culture of the country concerned.

EMPLOYEE ENGAGEMENT

Our ambition is to have highly competent, committed and proud employees who identify with the company's strategy. Mediq would like all group companies to conduct employee satisfaction surveys on a biannual basis to enhance employee engagement.

Satisfaction survey

Engaged employees create engaged customers. In order to find out to what extent our employees are committed and engaged, every group company is organising an employee commitment survey in 2011. We launched surveys in the USA, Germany, Sweden, Norway, Denmark and at some of our group companies in the Netherlands. Based on the results, every group company will formulate an action plan in 2012 to improve employee engagement.

Performance appraisal

It is important that all employees receive a performance appraisal in a specific year to monitor and support their development. The performance appraisal is an annual, systematically monitored and documented process. The Mediq core values are part of employee performance appraisals. Individual development plans are part of the follow-up. A performance appraisal system was designed according to these standards in 2011. All employees will receive a performance appraisal under the new system in 2012.

The average percentage of employees per group company who received a 2010 performance appraisal is 85%.

EMPLOYEE DEVELOPMENT

At an international level we focus on safeguarding the required high-level performance in key functions for the long term (succession planning). The talent review process helps us to identify talented employees at an international level. Development programmes seek to ensure that employees are motivated to perform well and that their talents are triggered and challenged. We organise an annual business programme and exchange programmes for talented employees, as well as international network meetings.

We developed a website for new hires in 2011 as a convenient way to give them an insight into the activities and core values of the company. The site is now available in English; in 2012 we plan to implement Dutch and Polish versions as well. In addition, several introductory meetings are held in the Netherlands every year where new colleagues learn more about the company and get to meet their colleagues.

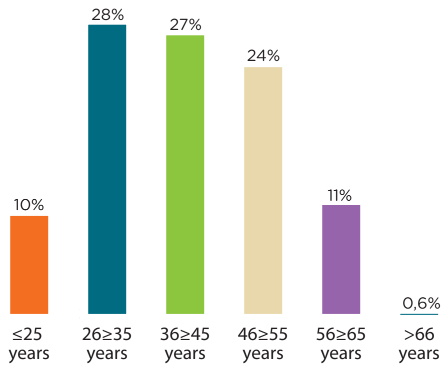
Sharing knowledge and best practices boost individual careers and create a networked company: with these objectives in mind we executed a number of programmes. Practical examples are the business leadership programmes for senior management and for talents and functional networks for areas such as finance, marketing, communications and HR. We launched new functional networks for, ICT logistics and quality.

HEALTH AND SAFETY

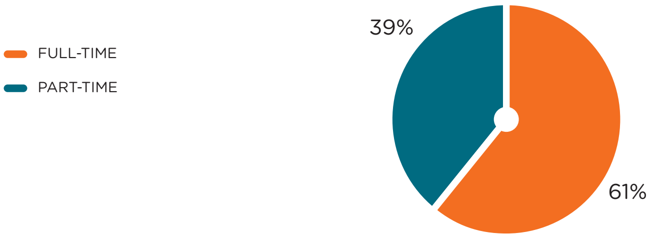
Illness rate

The overall illness rate is 3.9%. This excludes Byram Healthcare, as they have just started to track absenteeism due to illness.

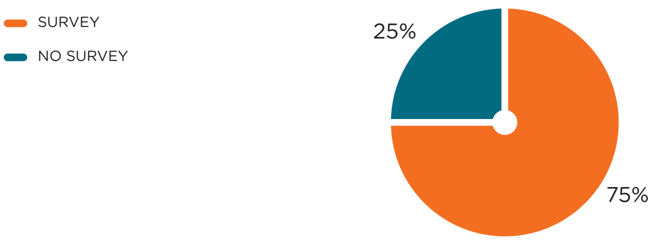
AGE DIVERSITY IN 2011



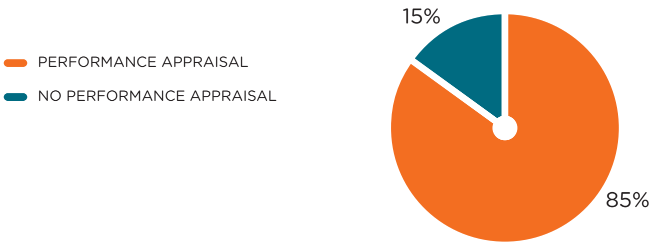
FULL-TIME/PART-TIME IN 2011



% GROUP COMPANIES THAT PERFORMED AN EMPLOYEE SATISFACTION SURVEY IN 2010/2011



% EMPLOYEES WHO RECEIVED A PERFORMANCE APPRAISAL IN 2011



The illness rate targets varied between 3.0% and 4.5% by group company.
In the Netherlands, Mediq worked intensively with Achmea Vitale to improve the quality of and cooperation on support for HR and line management to manage absenteeism.

Lost-time injury rate
In 2011, 22 employee work-related lost-time injuries were reported. An analysis of these LTIs will be carried out and action will be taken to reduce their number in 2012.

EMPLOYEE COMPLAINTS

In line with our Code of Conduct we operate an integrity procedure. Employees who do not feel free to speak with management can file a complaint with the Management Board. A third party has been contracted to facilitate and stimulate employees to voice their complaints. This party offers both telephone and internet-based options for submitting complaints, if desired on an anonymous basis.

EMPLOYEE REPRESENTATION

The Central Works Council (COR) in the Netherlands discussed various subject areas with the management in 2011. Apart from the HR policy of the company, and the way in which it is applied, the financial results were discussed on a quarterly basis. The COR advised the management with regard to the acquisitions of Assist, Medicus Plesner, NM Médical and PBG. The COR was informed about quality management, Corporate Social Responsibility and the introduction and implementation of social media at Mediq. The COR was also involved in the integration of Red Swan Pharma Services within OPG Distrimed, creating the new group company Mediq Pharma Services. During the year 2011 the COR was educated and informed about the developments of the pension regulations in the Netherlands and the impact on the employees of Mediq. The COR was also asked for advice about a new ICT organisation structure for the group. The COR has evaluated Mediq's remuneration policy in line with the Harrewijn Act and was informed about the remuneration and working conditions of all employees within the organisation. The COR has twice visited Mediq pharmacies and Mediq subsidiaries. There are four local works councils in the Netherlands: at the group companies Medeco and Mediq Pharma Services and the clusters Mediq Pharmacies and Mediq Direct.

In Poland the works council considered the following main topics in 2011: the mode of cooperation, openness, bottom-up and top-down communication with the Board and communication with employees and the council on major impact projects. Two of the main topics discussed in the Employee Representation in Finland were the Mediq Barometer survey and the changes in the development discussions with the employees.

RE-USABLE PLASTIC BOXES

In Finland we have a service model for customers called AITTA. It automatically replenishes customer orders based on their demand. This model has allowed us to stop using any extra packing material, as the goods are delivered in plastic boxes that are re-used many times. In the past the goods were delivered to customers in cardboard boxes with paper padding. We handle the replenishment process so this is also cost-effective for us.

BYRAM HEALTHCARE COMPACTS USED CARTON BOXES

During 2011 Mediq's Byram Healthcare installed a compactor that compacts used carton boxes in their second-largest warehouse in Redmond, Washington. This results in better handling of the re-usable materials and allows us to recycle more efficiently.

MINIMISING OUR ENVIRONMENTAL IMPACT

While our own operations have a relatively low impact on the environment, we are alert to opportunities to reduce our environmental impact in areas where we have the greatest influence. These have been defined as packaging, waste, and transport (input – throughput – output). One of the pillars of Mediq's approach to reduce environmental impact is responsible procurement and sourcing. We have made a start with sustainable procurement.

PACKAGING

Mediq is responsible for the purchasing and distribution of pharmaceuticals and medical devices. We receive goods and use different kinds of packaging materials at our distribution centres to prepare them for further shipment. Packaging can be either for multiple use or for single use. We have measured the total and the different kinds of input materials that are purchased by Mediq group companies for packaging purposes. The data refer to single-use packaging materials bought from suppliers used for our own packaging processes for end-user products. These packaging materials are part of the end-products we sell and are not part of the waste of Mediq.

Direct & Institutional purchases 74% of the total packaging material of Mediq. For every € 1 million net sales is 500 kg purchased packaging material. For Direct & Institutional and Pharmacies this ratio is respectively 1,000 kg and 200 kg per € 1 million net sales.

WASTE

The goods that we purchase are delivered in packages that we unwrap and repackage. The unwrapping process leads to waste. Our distribution activities are responsible for most of the waste that we generate. A significant amount of the waste we produce, such as paper and cardboard, is suitable for re-use. Aside from re-usable waste, we also produce some waste that cannot be re-used. That waste is reported in the group of other waste and is related to our core business, for instance medication waste. We have measured all the waste materials that are produced in our group companies. This includes waste from our operations as well as waste from the office processes. Waste that is recycled after separation is also included. We work with the market-leading waste service providers to ensure that our waste is optimally managed and re-used.

Direct & Institutional is responsible for 33% of the total waste of Mediq. For every € 1 million net sales we produce 1,200 kg of waste. For Direct & Institutional and Pharmacies this ratio is respectively 1,000 kg and 1,300 kg per € 1 million net sales.

Our portfolio includes several articles such as pumps and drip equipment that are returned to Mediq after patients' treatment is completed. A specialised technical department at Mediq takes care of the cleaning and repair of the equipment. These devices can be used multiple times, reducing both costs and waste.

TRANSPORT CO_2 EMISSIONS

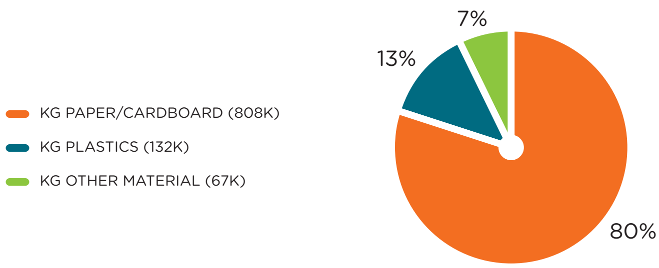
Our logistics processes are part of our core business. We distribute goods to businesses and organisations including hospitals, nursing homes and pharmacies as well directly to patients. Transport is mainly by trucks and vans and depending on the local situation, is fully or partly outsourced.

We have measured the amount of CO_2 emissions produced by the road transport activities of Mediq group companies. As logistics is an important part of the core business, CO_2 emissions from transport represent a significant part of the environmental impact of Mediq. Transport activities related to the transport of goods from warehouses to the pharmacy or to the customer have been included. Air, rail, sea freight and business travel are excluded. Also combined transport with goods from other companies by external companies has been excluded. With combined truck loads we cannot calculate the Mediq contribution to the CO_2 emission.

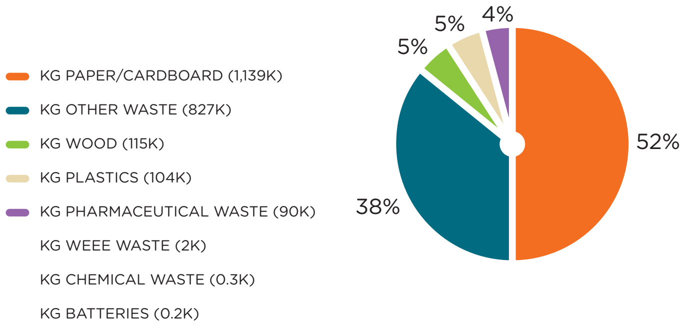
Transport Mediq Poland

In Poland we are implementing a plan to restructure our logistics footprint and to optimise our transport planning software and skills. The objective is to be more efficient in the future and reduce the carbon footprint. We will improve the truck utilisation rate (reduce empty truck kilometres) and reduce the total number of kilometres based on a better logistics footprint.

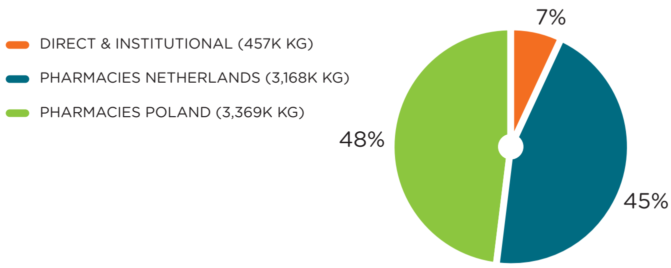
PURCHASED PACKAGING MATERIAL IN KG IN 2011



WASTE TYPE AS % OF TOTAL WASTE DIVIDED BY A CATEGORY IN 2011



DEDICATED TRANSPORT IN 2011



TRANSPORT BY BICYCLE

Pharmacies Netherlands works together with the company Demarrage to use transportation by bicycle for deliveries of pharmaceuticals to patients' homes in the cities Maastricht, Eindhoven and Helmond. Bicycle rides totalled 60,000 km in the first nine months of 2011. This represents 0.5% of the CO_2 emissions by Mediq Netherlands when transportation was carried out by car. We will increase our use of this form of transport. Even chilled pharmaceuticals are transported by bicycle. The rider carries a small cool box. At present, 14 of our 226 pharmacies in the Netherlands use this type of transport.

Transport Mediq the Netherlands

In 2012 we will focus on a greener fleet of transport equipment. We will investigate the possibility of using more environmentally friendly fuels, more efficient trucks and electrical trucks. Besides this we will continue to improve our transport efficiency to optimise the carbon footprint from our transport fleet. We have optimised our transport planning. We use new PDAs with a combined function: they have a GPS built in and are also used for 'proof of delivery' with an electronic signature from the customer. This makes the delivery system more efficient and fewer mistakes lead to fewer transport kilometres.

We have started to integrate our Direct, Institutional and Pharmacy transport networks to reduce transport kilometres and fuel consumption.

We will work towards a greener car fleet for our employees. In the Netherlands we will introduce the possibility of leasing electric cars into lease contracts for our employees and will facilitate the charging of the electric cars at our head office.

BI FUEL TRUCKS

A good example for the reduction of CO_2 emission are the four new trucks of Mediq Logistics in the Netherlands, commissioned in September 2011. These are Bi Fuel trucks: they run on diesel combined with Compressed Natural Gas (CNG) and they qualify as Enhanced Environmentally Friendly Vehicle. Calculated according to the 'well to wheel' method, CNG has a reduced CO_2 emission of approximately 10% compared to traditional diesel. This technique combined with the training of our drivers in new fuel-efficient driving skills resulted in a significant reduction of CO_2 emissions from our line haul fleet.

Business travelling

Mediq's strategy is to limit business travel. Instead of travelling we host many international phone conferences. In 2011 we successfully introduced webinars for international meetings.

MAKING A DIFFERENCE IN THE COMMUNITY

As a company working in the healthcare sector, we are very much aware of the role that we play in society. We show this by supporting projects that are close to our business. In 2011 Mediq invested approximately € 200,000 in community initiatives ranging from active support for non-commercial activities to money and in-kind donations.

ACTIVE SUPPORT FOR YOUNGSTERS WITH DIABETES

For the past two years, we have been actively supporting initiatives for youngsters with diabetes. In 2010 we initiated and developed projects mainly in the Netherlands. This year, a number of these activities were also rolled out in the other countries in which we are active in the distribution of diabetic supplies to patients.

Young people with diabetes have a special place in our hearts. Diabetes is often invisible, but it is a serious chronic disease which affects people's everyday lives. This is even more the case when you're young.

In the Netherlands Mediq was actively involved in 2011 in the photo competition Diabetes 24/7; an event aimed at increasing the awareness of the substantial impact of diabetes on people's lives. Together with Platform World Diabetes Day, Mediq received over 500 entries: pictures that give diabetes a face. Winning pictures are shown in an exhibition travelling throughout the country. We also organised Diabetes 24/7 in Germany. Next year we plan to launch this initiative in the United States as well.

Mediq continued to support last years' successful theatre performances for youngsters in collaboration with the Dutch Diabetes Fund (*Diabetes Fonds*). *Candy* is a touching and comical performance, making the children laugh and think about what diabetes means for them. This year Mediq organised *Candy* in six hospitals in the Netherlands, inviting young diabetics for a fun event together with friends and family.

Mediq also continued to develop www.diabetesshout.nl, a website launched in 2010 for youngsters with diabetes. Here they can share their thoughts and feelings: when they are insecure or happy and when they would like advice from their peers. The site now contains improved functionalities and a chat function. The amount of youngsters that signed up increased from 145 in 2010 to around 450 in 2011. In 2011 www.diabetesshout.com also went live in the United States. Now Dutch and American kids can share their experiences overseas!

A WINNING PHOTO

Together with Platform World Diabetes Day Mediq organised the photo competition Diabetes 24/7. This photo won in the catagory of participants to 18 years.

© NDF Diabetes 24/7, Menno van Looij

In cooperation with the Danish Diabetes Association, Mediq Danmark actively supports events for children with diabetes between 8 and 12 years. Children get the opportunity to meet peers and discuss ideas, concerns and challenges in their life with diabetes. Additionally employees volunteered in youth camps organised by the Danish Diabetes Association. In the United States, Byram Healthcare supported the pediatric diabetes summer camps: educational diabetes camps for adolescents with diabetes.

Parents with diabetic children in Poland often have difficulty in finding a place for their child in kindergarten. Discussions with specialists and people involved have revealed a lack of staff with relevant skills and training. Accordingly, Mediq in Poland has developed an educational programme for pre-school institutions, which has been submitted for approval to the Ministry of Health.
In July, Mediq invited forty Polish children with diabetes to the Dolfinarium, the national dolphin park, when they were on a holiday camp in the Netherlands.

Various fundraising initiatives took place throughout the company. In September, Mediq sponsored the Business Run, as part of the 10 kilometres City Run in Utrecht. 26 teams from Mediq joined this run and collected € 7,000 for the Anne Fund, part of the Diabetes Fund. The specific aim of the Anne fund is to raise money for research on Diabetes type 1 and its treatment.

The Dutch business unit Medeco raised money for the same fund during the national diabetes week in early November.

RAISING MONEY FOR DIABETES FUND

Employees raised money for the Diabetes Fund. They were participating in a running event and asked family and friends to sponsor.

Mediq Danmark participated in the Danish Diabetes Association's fundraising campaign in May. In the United States, employees of Byram Healthcare supported the American Diabetes Association's *Step Out Walk to Stop Diabetes* by participating in this walk, donating money and fundraising activities.

Mediq works closely with the local diabetes organisations on almost all of the above-mentioned projects.

MONEY AND DONATIONS IN KIND

Throughout the company, group business units provide support in the form of donations to several charitable organisations and educational projects and in the form of donations in kind. Mediq mainly supports local projects in Europe, but also for example in Africa.
Our Dutch business unit Medeco supports *De Grote Onderneming* which raises money for the Aids Fund and Stop Aids Now, the Health Insurance Fund which helps to make healthcare accessible and affordable in Africa, the Medical Credit Fund, which provides financing to private healthcare clinics in Africa, Stichting Alpe d'HuZes against cancer, the national MS Fund and the Geriatric Giants that supports elderly care.
In Sweden Mediq donates annually to the Swedish children's diabetes fund. Mediq Danmark donated an amount to Danish National Fund Raising, which raises money for organisations such as the Red Cross.

Mediq Apotheek sponsors the Dutch wheelchair basketball team in preparation for the 2012 Olympics. Mediq Direkt Diabetes supports patient organisations including the Deutscher Diabetikerbund Sachsen, the Schulungsverein Freital and the Selbsthilfegruppe Bergneustadt with donations but also with training.

Another form of a donation in kind is to help organisations by using Mediq's expertise. Mediq Direkt Diabetes in Germany supports the Zuckerstachel. Zuckerstachel is an organisation supporting children with diabetes. Mediq not only supports this organisation financially, but Mediq employees also volunteer at their holiday camps. During the camps children learn more about diabetes, meet friends and share experiences on how to deal with diabetes. Mediq Direkt Diabetes also provides Diabeteszentrum Leipzig with support on accounting.

CSR RESULTS AND TARGETS

We expect to increase the accuracy of the data because we can build on what we learned from the CSR data collection process in 2011. We will include the newly acquired companies in our CSR programme. We will communicate frequently about the results of our CSR activities via www.mediq.com. The overview on page 50 provides a summary of our results in 2011 and ambitions for 2012.

KPIs	TARGETS 2011	RESULTS 2011	TARGETS 2012
GENERAL			
Internal CSR reporting system	Set up and implement	Implemented	Increase accuracy
Stakeholder dialogue	Ongoing activity	Various reports	Stakeholder review focused on CSR
CARING FOR THE PATIENT			
Percentage of group companies that perform regular customer satisfaction surveys	Measurement and report	64%	> 90%
Percentage of group companies with a quality certification	Measurement and report	81%	> 90%
Consumer complaints	–	–	Measurement and reporting of consumer complaints
Implementation of Code of Ethics for suppliers	Complete implementation	Not measured	> 90%
Audit the high risk suppliers	–	Not measured	Substantial amount
PROVIDING A GOOD WORKING ENVIRONMENT			
Increase proportion of women in senior management positions	Investigation talented women	12% = proportion of women in senior positions: investigation started	Implement recommendations of investigation
Illness rate	3.0-4.5% for the various group companies	3.9%	< 3.9%
Lost time injury rate	Measurement and report	22	0
Percentage of employees who have participated in an employee satisfaction survey (% group companies)	Measurement and report	75%	> 90%
Employee turnover rate	Measurement and report	13%	–
Percentage of employees who have had a performance appraisal	Measurement and report	85%	> 90%
MINIMISING OUR ENVIRONMENTAL IMPACT			
Total purchased packaging material in kg per € 1 million net sales, divided per category	Measurement and report	• Pharmacies: 200 kg • D&I: 1,000 kg	• < 200 kg • < 1,000 kg
Kg of waste as % of total waste, divided by category	Measurement and report	Paper/cardboard 50%, other waste 36%, wood 5%, plastics 5%, pharmaceutical waste 4%	Investigate and reduce 'other waste' category
Total waste in kg per € 1 million net sales, divided by category	Measurement and report	• Pharmacies: 800 kg • D&I: 1,000 kg	• < 800 kg • < 1,000 kg
Total transport CO_2 emissions in tons (only dedicated transport)	Measurement and report	6,994 tons	Continue measurement and improve projects
Energy use	–	–	Start measurement
Lease cars for Mediq employees	–	–	Introduce electric cars
MAKING A DIFFERENCE IN THE COMMUNITY			
Community initiatives	–	–	Roll-out of Diabetes 24/7 and diabetesshout.nl/com in four countries

The Mediq Annual Report 2011 has been prepared using the Global Reporting Initiative G3 Sustainability Reporting Guidelines. We comply with GRI level C.The GRI table is published on www.mediq.com.

‘IF YOU LOVE YOUR WORK, THAT’S THE MESSAGE YOU’LL SEND OUT’

CUSTOMER-ORIENTATION IS ONE OF OUR FOUR CORE VALUES. DELIVERING GOOD SERVICE IS A MAJOR PRIORITY FOR MEDIQ. NOT JUST FOR PHARMACY ASSISTANTS AND NURSE PRACTITIONERS, BUT FOR ALL OUR EMPLOYEES.

The core values at Mediq are customer-orientation, innovative, focused on cooperation and behaving with integrity & practicing openness. These core values are part of employee performance appraisals. In addition to the core values, we have four brand values: what we promise our customers. These centre on expert, personal, innovative and accessible services. It is important to us that all our employees can fully endorse these values and demonstrate this to our customers in practice as well. <

Extra service in deliveries as well

Mediq’s logistics services are of a high level. Group companies share best practices. This is reflected in the way in which we manage our distribution centres, but also in the way in which we organise distribution to our customers, whether that is directly to patients’ homes, or to healthcare institutions and hospitals. We always do all we can to provide a quick solution to any problem. This was also recognised, for instance, by the award for customer friendliness that we received in the Netherlands in the consumer television programme Tros Radar: a gift for which the young diabetes patient Mika had saved up was delivered to his holiday address. A prime example of going the extra mile!

Customer-orientation par excellence: Fredy Balmer

Fredy Balmer is a courier at Mediq Suisse. Aged 70, he has no thoughts of retiring yet. Fredy knows exactly what customer-orientation means. He has a positive, winning way with people and will go the extra mile that makes customers appreciate him even more – and also regularly let Mediq Suisse know it. This does not take a lot of effort on his part. As he says: ‘If you love your work, that’s the message you’ll send out.’ Fredy is one of the many examples of employees of which Mediq is proud. He knows exactly what matters to our patients.

PERSONAL PARTICULARS SUPERVISORY BOARD

S. van Keulen, chairman (1946)
Dutch, appointed in 2010
Present term expires in 2014
Current position: chairman of Holland Financial Center

Supervisory Directorships/other offices

- Member of the Supervisory Board of ING Groep NV
- Vice-chairman of the Supervisory Board of Heijmans NV
- Member of the Supervisory Board of APG Groep
- Member of the Supervisory Board of Vado Beheer BV
- Member of the Supervisory Board of Stichting Natuur en Milieu
- Vice-chairman of the Supervisory Board of the World Wildlife Fund
- Member of the Supervisory Board of Stichting Health Insurance Fund
- Chairman of the Supervisory Board of Investment Fund for Health in Africa
- Chairman of the Supervisory Board of Access to Medicine

W.M. van den Goorbergh (1948)
Dutch, appointed in 2006
Present term expires in 2014
Last position held: vice-chairman of the Executive Board and Chief Financial Officer of Rabobank Nederland

Supervisory Directorships/other offices

- Chairman of the Supervisory Board of NIBC Bank NV
- Chairman of the Supervisory Board of DELA
- Member of the Supervisory Board of Bank Nederlandse Gemeenten NV
- Chairman of the Supervisory Board of De Welten Groep Holding BV
- Vice-chairman of the Board of the Catholic University of Nijmegen Foundation (Radboud University and Saint Radboud Academic Hospital)

F.K. de Moor (1962)
Belgian, appointed in 2008
Present term expires in 2012
Current position: Chief Executive Officer of Macintosh Retail Group NV

Supervisory Directorships/other offices

- Member of the Supervisory Board of Sligro Food Group NV
- Member of the Managing Committee of the Dutch Retail Council
- Member of the Managing Board of Electronic Commerce Platform
- Board member of the Foundation for the Chair in Retail Marketing

B.T. Visser, vice-chairman (1952)
Dutch, appointed in 2003
Present term expires in 2015
Current position: Chief Executive Officer of Aap implantate AG

Supervisory Directorships/other offices

- Pharmacist member of the Supervisory Committee of Stichting Gedragscode Farmaceutische Bedrijfstak
- Member of the Supervisory Board of Royal Cosun
- Chairman of the Supervisory Board of HZPC Holland BV
- Director of Actavis Holding Sarl
- Member of the Supervisory Board of Kreatech Holding BV

M.J.M. van Weelden-Hulshof (1952)
Dutch, appointed in 2009
Present term expires in 2013
Current position: Community pharmacist in Ermelo

Supervisory Directorships/other offices

- Member of the Coordination Platform for Healthcare Standards
- Chairman of the programme committee of the Dutch Diabetes Action Programme

O.R. Stuge (1954)
Norwegian, appointed in 2008
Present term expires in 2012
Current position: Chief Executive Officer of ORSCO Life Sciences AG

Supervisory Directorships/other offices

- Executive chairman of the Supervisory Board of BoneSupport AB
- Executive chairman of the Supervisory Board of Impulse Dynamics NV
- Chairman of the Supervisory Board of Aleva Neurotherapeutics SA
- Chairman of the Supervisory Board of Acarix AS
- Member of the Supervisory Board of Nobel Biocare AG
- Strategic advisor of Uptake Medical Inc
- Strategic advisor of HealthCap AB
- Founding Board member of Quentiq AG
- Member of the Supervisory Board of Systagenix Ltd.
- Member of the Supervisory Board of Advanced Cardiac Therapeutics Inc.

The members of the Audit Committee are Mr van den Goorbergh (chairman) and Mr de Moor. The members of the Selection and Appointment Committee are Mr Stuge (chairman) and Ms van Weelden. The members of the Remuneration Committee are Mr Visser (chairman) and Mr van Keulen.

REPORT OF THE SUPERVISORY BOARD

A solid base to build from

IN 2011, THE COMPANY WAS SUCCESSFUL IN DOING SEVERAL IMPORTANT ACQUISITIONS, ATTRACTING NEW FINANCING AND IMPLEMENTING NEW POLICIES, FINANCIALLY IT WAS A MIXED YEAR, MAINLY RELATED TO PRESSURE ON GOVERNMENTAL BUDGETS. GIVEN THESE DEVELOPMENTS, IN 2011 THE SUPERVISORY BOARD MAINLY FOCUSSED ON THE SELECTION OF THE RIGHT TAKEOVER CANDIDATES AND THE INTEGRATION THEREOF, AND ON HOW TO CONTINUE TO BE SUCCESSFUL IN THIS TURBULENT OPERATING ENVIRONMENT.

We take pleasure in presenting Mediq's Financial Statements 2011, prepared by the Management Board and signed by us pursuant to section 101 (2) of Book 2 of the Dutch Civil Code. KPMG Accountants NV audited these Financial Statements and issued an unqualified auditor's report on them. The Supervisory Board has discussed the Financial Statements 2011, including the profit appropriation proposed by the Management Board. We will present the Financial Statements 2011 to the General Meeting of Shareholders to be held on 11 April 2012. We recommend that the General Meeting of Shareholders adopts them without change.

COMPOSITION OF THE SUPERVISORY BOARD

Mr Biense Visser's second term of office ended after the close of the General Meeting of Shareholders of 13 April 2011, in accordance with the schedule for retirement by rotation. Mr Visser has stated his intention to stand for reappointment. Mr Visser is chairman of the Remuneration Committee. On the basis of the experience of Mr Visser as the vice-chairman of the Supervisory Board and chairman of the Remuneration Committee, the Board has nominated him for reappointment. The General Meeting of Shareholders approved the reappointment of Mr Visser for a term of four years on 13 April 2011. This is the third term of office for Mr Visser as member of the Supervisory Board.

The performance of the Supervisory Board was evaluated in the last quarter of 2011. The evaluation was finalised and discussed in February 2012. This year the Supervisory Board was assisted in the evaluation by an outside counsel experienced in board reviews. The review consisted of both an assessment of the individual members and of the Supervisory Board as a whole. It was a broad, thematic review. Key focal points were the alignment of the competences represented on the Board with the company's strategy, the cooperation between its members, the interaction with the Management Board, the provision of information to the Board and the performance of the corporate secretary. The outside counsel interviewed all members of both Boards and the corporate secretary. The results were discussed by the Supervisory Board with the outside counsel in February 2012. Due to the limited timeframe between the presentation of the evaluation report to the Supervisory Board and the publication of this Annual Report, it is too early to give more insight into which actions this evaluation will lead to, although it is clear that none of the conclusions or recommendations will have to lead to immediate action.

In the judgement of the Supervisory Board, its current size and composition are appropriate to the nature and size of the company. The Board's composition reflects all aspects covered in the profile, including current senior management experience, executive responsibility in a large international company, expertise in fields including finance, human resources, organisation, ICT and international commerce and marketing, familiarity with the political decision-making process and specific expertise with respect to relationships within the supply of pharmaceuticals and the healthcare sector in the Netherlands, in particular the public pharmacy sector. However, the Board does not exclude that our strategy and the changes in the environment in which we operate, could require an addition to the Board of (people with) other areas of expertise.

The Annual General Meeting of Shareholders (AGM) will be asked to approve the re-election of Frank de Moor and of Oern Stuge as members of the Supervisory Board for a second term of four years.

MEETINGS OF THE SUPERVISORY BOARD

The Supervisory Board met in full seven times in 2011. Six of those meetings were regular, scheduled meetings and one was called at short notice. The reason for this additional meeting was the proposal for the acquisition of PBG in the Netherlands and of NM Médical in France.

Three members of the Board were each unable once, on separate occasions, to attend a regular meeting of the Supervisory Board; an absence rate of 8%. The members who were absent always informed the chairman in advance of their comments and views on the items on the agenda.

ACQUISITION IN FRANCE

With the acquisition of NM Médical, France has been added to our portfolio. NM Médical is a leading supplier of medical devices to GPs and physiotherapists.

All meetings were held in the presence of the members of the Management Board and the corporate secretary.

Two meetings were held at the office of group companies of Mediq: Mediq Pharma Services and Mediq Logistiek.

The principal matters discussed during the regular meetings were as follows:

- group strategy;
- group financing;
- strategic developments at group companies;
- acquisition strategy and potential acquisitions;
- quarterly results reports of the group;
- current developments with a material impact on group results;
- human resources policy;
- communication with shareholders;
- budgets;
- remuneration and targets of the Management Board;
- quality of the organisation;
- ICT.

In addition, the following matters were discussed:
The main item at the meeting in February was the discussion of the full-year results and the annual report for the 2010 financial year, preparations for the General Meeting of Shareholders and related matters. Accordingly, the part of the meeting devoted to discussing the financial statements was also attended by the partners from KPMG Accountants. The meeting also considered the progress of the reorganisation at Pharmacies Netherlands, market developments in Poland and acquisition processes at hand. The composition of the Supervisory Board was also discussed, as Mr Visser was standing for reappointment. The chairman of the Audit Committee, Mr Van den Goorbergh, briefly presented the minutes of the committee's meeting from the day before. The progress of the integration of the former Oriola KD Healthcare companies in the Nordics and Baltics was discussed in conjunction with that of the recently acquired Dutch company Romedic. Management briefly addressed the hire of an external expert for a strategic review of the Direct & Institutional markets. Finally, the management team of Mediq Pharma Services updated the Board on the market developments. The most important challenge at the time for this group company was the transfer of biopharmaceuticals to the hospital budget.

An extra meeting was convened mid-April. Two members of the Board were unable to attend due to the short notice. The agenda was to discuss the acquisition of PBG in the Netherlands and of NM Médical in France. Both acquisitions were approved by the Board. The acquisition of PBG was announced on 27 April and that of NM Médical on 4 May. Furthermore the meeting was informed by the Management Board about an integrity issue at one of Mediq's group companies. The issue had been properly addressed and resolved in the meantime.

The meeting at the end of April centred on the first quarter results. In addition, the presentation of the HR department on the most recent employee commitment survey in the Netherlands was discussed and the acquisition of the Norwegian company Medicus Plesner was approved. The meeting was chaired by the vice-chairman.

The main topic of the meeting in June was the Direct & Institutional strategy of the company. The management presented the outcome of an in-depth study performed by a market/strategy consultant. The Management also presented the succession planning and the group-wide talent management programme. Because of the buy-and-build strategy pursued over the past few years, succession planning and talent management are of great importance, which was stressed by the Supervisory Board. The Finance Plan 2011 was presented during this meeting. Part of that Plan was the US Private Placement which was finalised after the summer for a total amount of approximately $ 150 million, split into a tranche of € 10 million and a tranche of $ 137 million, with maturities of 7 and 10 years respectively. Finally the possibility of acquiring Assist GmbH in Germany was discussed. The negotiations were in such an early stage that no approval was asked for as yet.

The meeting at the end of July centred on the second quarter results. The chairman of the Audit Committee reported on their findings during their meeting the day before. The recently recruited CIO presented the IT strategy for the group. Management asked for approval of the acquisition of Assist GmbH in Germany. Assist operates throughout Germany, supplying medical devices for tube feeding, infusion therapy, ostomy, incontinence and wound care to patients at home. Mediq is already active in these areas in other countries. To date, Mediq in Germany only supplied devices to diabetes patients. This acquisition would make Mediq the second player in the German market. The Supervisory Board was very positive overall about this opportunity. Another material subject was the proposed liquidation of the foundation *Stichting Samenwerking Apothekers OPG* (SSAO). This foundation had close ties with the company. This goes back to the incorporation of the foundation in conjunction with the company becoming listed on the stock exchange in 1992. The acquisition of 5.87% shares in our own capital formed part of the liquidation of the SSAO. We will propose the cancellation of these shares to the AGM of April 2012. Finally, the Selection and Appointment Committee reported on its meeting held at the end of April.

The meeting at the end of October took place at the offices of Mediq Logistiek. The business developments in our company in Poland were discussed. Initiatives to improve the performance of the Polish wholesale activities were discussed. After the presentation of the figures for the third quarter by management, the final outcome of the US Private Placement was presented by the Management Board. During a tour of the Mediq Logistiek premises in Ede a presentation was given on the recent combination of transportation activities for all the different group companies throughout the Netherlands and the daily challenges of this department in aiming for the highest service and satisfaction levels in its field. The meeting was closed after a brief visit to the nearby offices of Vermeulen Medical, part of the recently acquired PBG.

The Supervisory Board, Management Board and the three Executive Vice Presidents visited the Finnish operations of Mediq during the last weekend of October. The management team of Mediq Suomi was proud to show how they had become an integral part of Mediq and the progress they made since the take over in May 2010. The Supervisory Board has the intention to visit an international group company each year to increase their insight into the various markets Mediq operates in.

The last scheduled meeting was held at the end of November. During a dinner meeting the corporate strategy and the communication and cooperation between the Boards was discussed. It was agreed to involve a third party in an evaluation of the composition and the effectiveness of the Supervisory Board (discussed elsewhere in this chapter).

Additionally, a meeting was held to discuss the scheduled topics. The main topic was the budget for next year. Furthermore the draft of the targets for the Management Board for 2012 was discussed. The wording of those targets will be further detailed by the Management Board together with the Remuneration Committee. The expected impact of the Management and Supervision Act (*Wet Bestuur en Toezicht*) was presented by the corporate secretary. This Act limits board positions for supervisory board members of larger companies and introduces gender diversity in supervisory boards. Supervisory boards need to have a minimum of 30% male and a minimum of 30% female members. Since the introduction of this Act had been delayed and was not expected before July 2012 it was considered unlikely that it would influence the composition of the Supervisory Board in 2012. The review of the calculation of the weighted average cost of capital (WACC) was discussed. The plans for 2012 of the continuous business update programme for the members of the Supervisory Board were also discussed. Supervisory Board members visit business units every year to stay informed.

The chairmen of the Supervisory Board and the Management Board met regularly and have had meetings including other board members as well where appropriate. The chairman of the Audit Committee was in regular contact with the Chief Financial Officer. Two members of the Supervisory Board joined in a meeting with local management of Mediq Apotheek to discuss the consequences of the new reimbursement system for pharmaceuticals in the Netherlands from 2012. Outside the board meetings, several informal meetings took place between Supervisory Board members and corporate staff members and management teams of group companies.

The Supervisory Board is enthusiastic about the increased focus on corporate social responsibility (CSR) at Mediq. A report on Mediq's CSR efforts can be found in a separate section in this Annual Report.

To keep the corporate values alive is amongst others safeguarded through the Mediq Integrity Line. Employees are encouraged to report any breach of corporate values, either via line management or, if they prefer, through the Mediq Integrity Line. The Mediq Integrity Line is a tool that can be used by phone or internet and offers the opportunity to stay anonymous and still facilitate communication between the corporate compliance officer and the reporting employee. Unfortunately, only very few reports were made about breaches of the corporate values. Given the number of employees, one would statistically expect more reports. Therefore the Supervisory Board encourages employees to come forward with (alleged) breaches of the corporate values and supports the plans of the Management Board to increase awareness among all employees of the need to live up to the corporate values and report all (alleged) breaches.

THE COMMITTEES

The composition of the three committees remained unchanged.

AUDIT COMMITTEE

Mr van den Goorbergh is the chairman of the Audit Committee. Mr van den Goorbergh qualifies as the financial expert as referred to in the Dutch Corporate Governance Code. Mr de Moor is member of the Committee.
The Committee held two meetings during 2011. The meeting in February discussed the financial statements and the directors' report for 2010 and the meeting in July 2011 discussed the results for the first six months. The meetings are always attended by the company's auditors, the members of the Management Board, the Group controller and the Corporate Director Internal Audit. In addition, the two Committee members also always speak separately with the company's auditors.

Recurring items on the agenda were:
- legal proceedings;
- provisions;
- business incidents;
- the financial statements and the annual or half-year report;
- the proposal for profit appropriation;
- the internal audit program ;
- the nature and extent of follow-up of audit recommendations;
- the auditor's report;
- the performance of the audit;
- irregularities and any special accounting matters with a (potentially) material impact;
- tax.

The meeting in February was attended by the auditors from KPMG. The financial year 2011 was the first full year for KPMG as auditor to the company. In addition to the regular topics, the meeting discussed the different components of the WACC for Mediq, the financing of the company, the valuation of customer relationships and revenue recognition. Integrity, control and compliance issues were discussed. ICT at a group level was also a topic. The liquidation of *Stichting Samenwerking Apothekers OPG* (SSAO) including the financial impact on the company and the purchase of Mediq shares from the SSAO have been assessed.

The meeting in July focused on the second quarter results. Possible alternatives for the current pension arrangements and pension administration models were discussed, including a merger with a multi-employer pension funds, an insured pension arrangement, or changing the current pension arrangements to be implemented by Mediq Pension Fund. Furthermore the SSAO liquidation, the possible change in presentation of two large contracts in Sweden and the IT business project to improve the goods and money flows in the Dutch pharmacies came up for discussion.

The CFO and the chairman of the Committee had regular contact outside the meetings on topical items and developments within the company.

The Group controller acts as secretary to this Committee.

SELECTION AND APPOINTMENT COMMITTEE

Mr Stuge is the chairman of the Selection and Appointment Committee. Ms van Weelden is a member of the Committee.

The Committee met in April to evaluate the profile and the composition of the Supervisory Board. The Committee also formulated an update of the profile of the Management Board.

The Committee has evaluated the performance of Mr Hans Janssen as CFO. The direct reason to do so was the end of Mr Janssen's first term of office. The assessment was very positive overall. Mr Janssen is still the right person as CFO for Mediq in the judgement of both the Committee and the entire Board. The re-appointment of Mr Janssen will be presented to the AGM.

Finally the Committee initiated the evaluation of the Supervisory Board by the outside counsel.

The corporate secretary acts as secretary to this Committee.

REMUNERATION COMMITTEE

Mr Visser is the chairman of the Remuneration Committee. Mr van Keulen is a member of this Committee. Biense Visser is a former member of the company's Management Board. This would be undesirable pursuant to Code provision III.5.11. In view of the fact however that Mr Visser already left the company as a member of the Management Board in 1998 and none of his former fellow members of the Management Board are still active in the company, the Board decided in 2009 to have this position filled by him. In the AGM of April 2011 Mr Visser was re-elected for the second time as member of the Supervisory Board.

The Committee had one meeting in 2011 about the assessment of the realisation of the targets by the Management Board in 2010. Furthermore the quantitative and qualitative targets for 2011 were determined. The outcome was discussed with Mr van Gelder and Mr Janssen. The achievement of the targets for 2011 has been discussed in the Committee in January 2012 and by the Committee with the individual Management Board members. New targets have been set for 2012.

The Committee had a couple of meetings with an external remuneration specialist. The remuneration of the Supervisory Board was evaluated. The Committee and thereafter the Board concluded that a revision was not needed.

The corporate secretary acts as secretary to this Committee.

CONTACTS AND CONSULTATION WITH THE CENTRAL WORKS COUNCIL

This year four consultative meetings of the Central Works Council were attended by members of the Supervisory Board. Mr van Keulen discussed the results of 2010 in the meeting in February. Ms van Weelden participated in the June meeting, Mr Stuge in August to discuss the second quarter figures and Mr de Moor joined in December to discuss the 2012 budget.

EMPLOYEES

The Board watches over the interest of all stakeholders of Mediq, not least those of Mediq's employees worldwide. In the ever-changing environment of Mediq it is of the utmost importance for the strength of the company that employees are flexible, focused on the improvement of patients' health and on the most efficient healthcare delivery. The Board wishes to express its respect for all Mediq employees who realised the corporate goals and helped to achieve the results of 2011, both financial and otherwise.

Utrecht, 15 February 2012

Supervisory Board
S. van Keulen, chairman
B.T. Visser, vice-chairman
W.M. van den Goorbergh
F.K. de Moor
O.R. Stuge
M.J.M. van Weelden-Hulshof

CONTINUALLY ALERT TO IMPROVEMENTS

DUE TO THEIR DIRECT CONTACTS WITH PATIENTS, MEDIQ EMPLOYEES KNOW THEIR CONCERNS AND REQUIREMENTS. THIS TRANSLATES INTO PARTNERING WITH PATIENTS TO LOOK FOR SOLUTIONS THAT ACHIEVE REAL IMPROVEMENTS IN CARE.

In particular, our employees with contact with chronic patients immediately see the consequences of certain conditions and the limitations this may entail. This means they are even more motivated to seek solutions to make life easier or better for patients. We give our employees scope to do so. Developing innovative ideas and taking initiatives are rewarded. This lifts patient care to a higher level. <

The development of the wound treatment book: Jessica Geerling

Jessica Geerling is a wound treatment product manager at Mediq CombiCare. Together with her colleague Maripa Burgers, she participated in a working group with other nurse practitioners in the Netherlands to brainstorm about ‘missing links’ in the way in which patients are served. Responding to the need for better cooperation between the hospital and home healthcare organisations, Jessica developed the wound treatment book. This is now being used at various hospitals in the Netherlands.

All information in one file

Each year, around 500,000 patients in the Netherlands are faced with chronic wounds. Treating them requires a great deal of expertise and the right approach. Despite this, the various parties delivering treatment do not always coordinate their activities properly. That can be avoided by keeping a standard treatment book. Patients keep their own books and the various parties delivering treatment enter their actions and comments each time they do so. This creates a single file facilitating a proper transfer between hospital and home healthcare settings.

CORPORATE GOVERNANCE

Mediq's governance effective and compliant

THE ORGANISATION OF MANAGEMENT, SUPERVISION, CONTROL AND THE RELATIONS WITH SHAREHOLDERS AT MEDIQ ARE IN LINE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE DUTCH CORPORATE GOVERNANCE CODE.

The Dutch Corporate Governance Code took effect in 2004. It established principles and best practice provisions with which the government deemed compliance desirable.
An updated version of the Code applies as from January 2009 (Code Frijns 2008). Compliance means that the provisions of the Code are applied or that, in accordance with the 'apply or explain' principle, deviations are or will be presented and explained to shareholders. Mediq fully complies with the Corporate Governance Code.

Mediq NV is a company with a mandatory full two-tier regime pursuant to the provisions of the Dutch Civil Code. In terms of governance this means mainly that the Supervisory Board is not only responsible for exercising supervision and providing advice, as in other public limited companies, but also for appointing and dismissing members of the Management Board, the nomination of members of the Supervisory Board and approving various decisions of the Management Board.

Following the acquisition of Assist GmbH in December 2011 Mediq employs more people abroad than in the Netherlands. As a consequence the full two tier regime is no longer mandatory. The General Meeting of Shareholders of 11 April 2012 will be given the choice between continuing the full statutory two-tier regime, a change to the mitigated statutory regime or to the ordinary two-tier regime as per 2013. In the meantime the current full two-tier regime will continue to be applicable.

MANAGEMENT BOARD

The Management Board manages the company and has full responsibility for this under the Articles of Association.
Its main duties include, inter alia, developing strategy, setting policies for achieving business objectives, the associated risk profile, external reporting and the design and operation of the internal risk management and control systems.

The Management Board is primarily accountable for this to the Supervisory Board.

The Management Board has two members, who are supported by three Executive Vice Presidents. The Management Board and the Executive Vice Presidents make up the Executive Board. The Executive Board performs the day-to-day operational management of the company, without detracting from the Management Board's responsibilities under statutory requirements and the Articles of Association.

SUPERVISORY BOARD

The Supervisory Board supervises the policy of the Management Board and the general affairs of the company. The Supervisory Board appoints the members of the Management Board after notifying the General Meeting of Shareholders.
The Supervisory Board has set up three committees drawn from its members for the selection and appointment of members of the Management Board and the Supervisory Board (Selection & Appointment Committee), the remuneration of the Management Board and the Supervisory Board (Remuneration Committee) and reporting and risk management (Audit Committee). The function of the committees is to prepare for decision-making by the Supervisory Board in these areas. Decisions are always taken by the full Supervisory Board.

The Corporate Governance Code requires companies to make a statement in the annual report on the independence of the members of its Supervisory Board. The Code requires all members or all but one member to be able to act critically and independently of one another, the management board and partisan interests. The Supervisory Board of Mediq meets this requirement as only one member, Ms van Weelden-Hulshof, is not independent as defined by the Code. Ms van Weelden-Hulshof is a customer, as an independent pharmacist, of our pharmaceutical wholesaling activities in the Netherlands.

GENERAL MEETING OF SHAREHOLDERS

The powers of the General Meeting of Shareholders include appointing Supervisory Board members on a nomination of the Supervisory Board (whether or not with the enhanced right of recommendation of the Central Works Council), adopting the financial statements and endorsing the conduct of affairs during the financial year by the Management Board and the supervision thereof exercised by the Supervisory Board. The annual report, the policy on reserves and dividends and the proposal to distribute a dividend are discussed with the General Meeting of Shareholders. The Management Board and the Supervisory Board report to the General Meeting of Shareholders on the corporate governance structure.
In accordance with the Code, significant changes in the identity of the business are presented to the General Meeting.

CORPORATE GOVERNANCE CODE

There are three deviations from the principles and recommendations of the Corporate Governance Code, which have already been explained in previous General Meetings of Shareholders. These three deviations are as follows:

- Maximum appointment period (II.1.1), change of control provision and remuneration upon dismissal (II.2.8).
  The contract of employment for the Management Board members is for an indefinite period. Appointments as a member of the Management Board are for four years. This ensures that the performance of Board members is regularly discussed without the contract of employment having to be a subject of assessment as well.

  The contract of employment includes arrangements covering a change of control of Mediq. If the contract of employment is terminated by either party for that reason, the member of the Management Board will receive a compensation amounting to one year's salary per annum for the period from the date of termination to the date on which the Board member reaches the age of 65, subject to a maximum of three years. In addition, Mediq will continue the applicable accrual of pension or provide alternative arrangements.

  Termination by Mediq would lead to compensation based on the previous 'sub-district court formula' (*kantonrechtersformule*) of a minimum of twelve times the relevant monthly salary.

- Retaining of granted shares (II.2.5)
  At Mediq, shares granted to members of the Management Board under the remuneration policy applying before 2007 as variable long-term income must be held for periods of at least five years after the date of transfer of the shares to the individual managers. The lock-up continues if the employment ends but ceases in the event of death or on a change of control of the company. In this respect, Mediq's arrangements are stricter than the provisions of the Code. The aforesaid arrangement has applied to both members of the Management Board since the approval of the current remuneration policy in the General Meeting of Shareholders of 2 April 2008.

- Since June 2009, the Remuneration Committee has been chaired by Mr Visser. Mr Visser is a former member of the company's Management Board. This would be undesirable pursuant to Code provision III.5.11. In view of the fact however that Mr Visser already left the company as a member of the Management Board in 1998 and none of his former fellow members of the Management Board are still active in the company, it was decided to have this position filled by him.

This was approved by the General Meeting of Shareholders on 8 April 2010. In the AGM of April 2011 Mr Visser was re-elected for the second time as member of the Supervisory Board.

Best practice provisions II.3.2 to II.3.4 (concerning conflicts of interest of members of the Management board) and III.6.1 to III.6.3 (concerning conflicts of interest of members of the Supervisory board) have been complied with.

We refer to the section 'Statement by the Management Board' for the statement by the company's management on the internal risk management and control systems.

In the section 'Remuneration Report', we report on the remuneration policy for members of the Management Board and Supervisory Board members, in conformity with the Code.

The section 'Report of the Supervisory Board' reports on the most recent evaluation of the Board. No Supervisory Board member has been frequently absent at any scheduled meeting of the Board.

DECREE ON ARTICLE 10 INFORMATION REQUIRED BY THE DIRECTIVE ON TAKEOVER BIDS

Members of the Management Board are appointed, suspended and dismissed by the Supervisory Board (Articles of Association, article 13). Members of the Supervisory Board are appointed by the General Meeting of Shareholders, suspended by the Supervisory Board and dismissed by the Enterprise Section of the Amsterdam Court of Appeal (Articles of Association, articles 19 and 20). The General Meeting of Shareholders can effect the dismissal of the Supervisory Board (Articles of Association, article 22). Amendments of the Articles of Association are effected by the General Meeting of Shareholders (Articles of Association, article 31.5).
The powers of the Management Board relating to the issue of shares of the company are set out in article 4 of the Articles of Association and those relating to the acquisition by the company of shares in its own capital are set out in article 6 of the Articles of Association.

Mediq has a credit facility from a consortium of banks, as well as a non-bank loan. The facilities are described in the financial statements. The terms of both loans include a 'change of control' clause. As soon as a party obtains more than half of the issued share capital or voting rights in Mediq, the lenders are entitled to demand immediate repayment of the loans.

OVERVIEW OF DIVERSITY AND COMPETENCES OF THE SUPERVISORY BOARD

	S. VAN KEULEN	W.M. V.D. GOORBERGH	B.T. VISSER	F.K. DE MOOR	O.R. STUGE	M.J.M. VAN WEELDEN
Date of first appointment	08-04-2010	25-07-2006	01-08-2003	23-06-2008	24-10-2008	08-04-2009
Year of birth	1946	1948	1952	1962	1954	1952
Gender	M	M	M	M	M	F
Nationality	NL	NL	NL	BE	NO	NL
Current active management experience	●		●	●	●	●
International responsibility		●	●	●	●	
Political/public business experience	●	●	●	●	●	●
Financial expertise	●	●		●		
HR, ICT, commerce & marketing experience	●	●	●	●	●	
Experience with trade unions				●		
Medical & health care			●		●	●
Familiar with political decision making	●	●				●

● Refers to the items of the profile of the Supervisory Board.

CORPORATE GOVERNANCE STATEMENT

The Tabaksblat Corporate Governance Code (Code Tabaksblat 2004) was updated by the Corporate Governance Code Monitoring Committee ('Frijns Committee') in December 2008. On 10 December 2009 the updated Code (Code Frijns 2008' or 'Code') was designated by a governmental decree as the new code of governance as referred to in Book 2, Section 391 of the Dutch Civil Code.

CORPORATE GOVERNANCE STATEMENT

This is a statement concerning corporate governance as referred to in article 2a of the decree on additional requirements for annual reports as last amended on 1 January 2011 ('Decree'). This statement forms part of Mediq's Annual Report 2011. The information required to be included in this corporate governance statement, as referred to in articles 3, 3a and 3b of the Decree, can be found in the following sections, parts and pages of Mediq's Annual Report 2011, and is to be considered incorporated and repeated here:

- Information on compliance with the principles and best practice provisions of the corporate governance code (article 3 of the Decree) is to be found in the section 'Corporate governance'.
- Information on the main elements of the internal risk management and control framework for the group's financial reporting process (article 3a (a) of the Decree) is to be found in the section 'Risk Management'.
- Information on the functioning of Mediq's General Meeting of Shareholders and its main powers, and the rights of shareholders and how these can be exercised (article 3a (b) of the Decree), is to be found in the relevant parts of the section 'Corporate governance'.
- Information on the composition and functioning of the Board of Management, Supervisory Board and its Committees (article 3a (c) of the Decree) is to be found in the sections 'Corporate governance', 'Report of the Supervisory Board', 'Personal particulars Executive Board' and 'Personal particulars Supervisory Board'.
- The information as referred to in the Decree Article 10 EU Takeover Directive (article 3b of the Decree) is to be found in the section 'Corporate governance'.

We refer to the section 'Foundation Preference Shares Mediq' with respect to the recommendation that all existing or potential anti-takeover measures have to be disclosed. The Management Board will publicly disclose the preparation by third parties of a takeover by way of a public bid if it becomes aware of it. We likewise intend to submit any such offer or potential alternatives to the Annual General Meeting of Shareholders for approval, since we consider the AGM the appropriate forum for proposals for major changes in the company's identity. In the view of the company's management, a friendly public bid, possibly including an acquisition premium, will reflect the market value of the company after negotiations have been completed. This will not necessarily be the case for a hostile bid. In the event of a hostile bid in particular, the Board of Foundation Preference Shares Mediq ('the foundation') can use its option to acquire preference shares to force a period for consultation and for consideration of possible alternatives. It would allow the Management Board and the Supervisory Board to assess the potential takeover and the alternatives from the perspective of all the company's stakeholders.

Both the Management Board and the foundation's Board consider the foundation to be independent of Mediq within the meaning of the Financial Supervision Act.

FOUNDATION PREFERENCE SHARES MEDIQ

Mediq NV has entered into an agreement with the Foundation Preference Shares Mediq (the 'foundation') under which the company has granted an option to the foundation for the purchase of cumulative preference shares up to the total nominal amount of issued shares at the time of exercise.
In accordance with the provisions of the Disclosure of Major Holdings in Listed Companies Act, notification has been made by the foundation to the Netherlands Authority for the Financial Markets that the foundation holds an option for Mediq cumulative preference shares. This enables it to acquire 100% of the share capital issued at that time, i.e. 50% of the voting rights.

The foundation can exercise the option right and thereby acquire 50% of the voting rights if doing so is desirable in its judgement to safeguard to the greatest possible extent the interests of the company and the businesses directly or indirectly maintained by the company as well as all the parties involved in them against influences that could harm the independence and/or the continuity as going concerns and/or the identity of the company and those businesses.

This has to be seen as a temporary measure to create for the Management Board and the Supervisory Board of the company a period of consultation and time to consider alternatives.
The Board of the foundation comprises Mr A.L. Asscher (chairman), Mr H. Visser, Mr R. Zwartendijk, Mr J. van den Belt and Mr W. van Vonno. There were no changes in the membership of the board in the year under review.

Both the Management Board and the foundation's Board consider the foundation to be independent of Mediq within the meaning of the Financial Supervision Act.

Apart from a public bid, a majority shareholder position, and therefore control of the company, can also be attained by acquiring Mediq shares on the stock market. Obviously, this approach would not give rise to an acquisition premium.
In view of what is described above, the Board of the Foundation Preference Shares Mediq may also consider exercising its option rights in such a situation. Each year, the Board of the foundation carefully reviews the reasons for the foundation's existence and for the current option right and the membership of the Board of the foundation

Depending on circumstances, it can be desirable not (yet) to exercise the option right. Therefore Mediq has decided to grant the foundation the right to submit a request for an inquiry on the basis of Section 346 (c) of Book 2 of the Dutch Civil Code. This enables the foundation to achieve its objective without necessarily having to exercise the option right granted to it.

REMUNERATION REPORT

THE AIM OF THE REMUNERATION POLICY IS TO ATTRACT AND RETAIN QUALIFIED MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD FOR THE COMPANY. THE VARIABLE REMUNERATION ENCOURAGES THE MEMBERS OF THE MANAGEMENT BOARD TO WORK FOR THE CONTINUITY OF THE COMPANY AND CREATE LONG-TERM VALUE GROWTH.

The General Meeting of Shareholders on 2 April 2008 approved the remuneration policy. By providing a mix of short-term and long-term components, the variable remuneration is intended to stimulate reinforcement of the long-term market positions of the company and the achievement of value growth for shareholders, as well as financial results in the short term.

MANAGEMENT BOARD

The remuneration policy is designed to motivate the members of the Management Board to work to reinforce the company's long-term market positions and create value growth. The Supervisory Board is convinced that this best serves the interests of the company's various stakeholders. The remuneration package for the Board members is based on a market comparison carried out by independent external consultants. Its competitiveness is reviewed every three years by reference to data collected by the consultants on a group of 25 listed and non-listed Dutch companies of a similar size to Mediq (the 'peer group').

The remuneration structure has three basic components:
- A fixed salary, in addition to which the members of the Management Board have fringe benefits similar to those for most Mediq employees.
- Variable remuneration in cash, related to performance in the previous year (short-term remuneration). This depends on the weighted score on the following criteria: the average net result, economic profit, average working capital as a percentage of sales and individual performance. 45% to 100% of the fixed salary is available for this for performance on or above target.
- Variable long-term remuneration in cash, related to three-year averages of growth in net earnings per share; Total Shareholder Return (TSR) related to comparable international companies and TSR Amsterdam Midcap Index

(AMX). 45% to 120% of the fixed salary is available for this for performance on or above target.

The variable short-term remuneration in 2011 depended on a weighted score on the following criteria: net result, economic profit, average working capital as a percentage of sales and individual performance, each criterion carries the same weight. The same criteria and weighting apply in 2012. Individual performance is measured by criteria that may differ from person to person. In line with recommendation II.2.10 of the Frijns Committee, the Supervisory Board is authorised to raise or lower the variable remuneration for the Management Board at its discretion if it considers that to be justified.

If all four targets are met in full, variable income is 45% of the fixed salary. If the targets are missed or exceeded, the variable remuneration is as in the tables in this section.

On the advice of the Remuneration Committee the Supervisory Board decided to apply a separate table for average working capital. This improves the weighting of the results achieved by management in terms of working capital. It is more closely in line with the targets set as the influence of movements in average working capital resulting from acquisitions, divestments and exchange rates is minimised.

Variable short-term income

1. AVERAGE WORKING CAPITAL AS % OF SALES

TARGET REALISATION	PAYMENT OF FIXED SALARY
< 90%	0%
90%	23%
100%	45%
110%	100%
> 110%	100%

2. OTHER CRITERIA

TARGET REALISATION	PAYMENT OF FIXED SALARY
< 80%	0%
80%	23%
100%	45%
120%	100%
> 120%	100%

Payments for performance between the percentages in the table are interpolated.

Payment of variable long-term remuneration will be based on the three-year averages of the following three performance measures:

- Growth in earnings per share (weighting 50%). The basic target is 8% growth a year in earnings per share.
- Total Shareholder Return (TSR) related to a reference group of companies similar to Mediq consisting of the following international listed companies: McKesson (USA), Cardinal Health (USA), Walgreens (USA), Celesio (D), United Drug (IRL) and Galenica (CH) (weighting 25%). The base target is to be ranked fourth in this reference group.
- TSR related to a reference group comprising companies listed in the AMX (weighting 25%). The base target is to be ranked twelfth in this reference group.

TSR is a measure of returns to shareholders and comprises both changes in the share price and dividend income, for which purposes dividends are assumed to be reinvested in shares of the company when shares are listed ‘ex-dividend’. TSR performance will be measured over a three-year period, with the average for the full (three-year) period being determined for Mediq and the selected reference group companies.

If all of these three targets are met in full, the variable long-term remuneration is 45% of fixed salary. The maximum is 120% of fixed salary.

It has been agreed with the members of the Management Board that in the next few years they will build up a share interest in Mediq amounting to twice their fixed annual salary. Mr van Gelder increased his share interest in 2011 by 17,000 shares from 49,778 shares to 66,778 shares. Mr Janssen increased his share interest in 2011 by 6,000 shares from 23,000 shares to 29,000 shares.

Neither shares nor options are awarded under the remuneration policy.

Variable long-term income

1. GROWTH IN EARNINGS PER SHARE

REALISATION	PAYMENT OF FIXED SALARY (WEIGHTING 50%)
< 4%	0%
4%	23%
8%	45%
12%	68%
16%	90%
20%	120%
> 20%	120%

2. TSR REFERENCE GROUP OF PEER COMPANIES

REALISATION	PAYMENT OF FIXED SALARY (WEIGHTING 25%)
1st	120%
2nd	90%
3rd	68%
4th	45%
5th	23%
6th	0%
7th	0%

3. TSR AMX REFERENCE GROUP

REALISATION	PAYMENT OF FIXED SALARY (WEIGHTING 25%)
1st	120%
2nd	113%
3rd	106%
4th	100%
5th	93%
6th	86%
7th	79%
8th	72%
9th	65%
10th	59%
11th	52%
12th	45%
13th	34%
14th	23%
15th – 26th	0%

All components together lead to the following remuneration for the members of the Management Board for 2011:

X € 1,000	2011	2010
M.C. VAN GELDER		
Gross salary	550	510
Variable short-term remuneration	235	431
Total short-term remuneration	**785**	**941**
Total long-term remuneration	295	115
Pension contribution (excluding employee's contribution)	136	104
J.G. JANSSEN		
Gross salary	375	350
Variable short-term remuneration	160	296
Total short-term remuneration	**535**	**646**
Total long-term remuneration	201	79
Pension contribution (excluding employee's contribution)	93	72

Mr van Gelder's fixed salary for 2011 was € 550,000 and Mr Janssen's was € 375,000. These fixed salaries have been set at € 561,000 and € 382,500 for 2012. The Board is confident that the remuneration of the members of the Management Board is competitive in view of the company's development and ambitions.

The variable short-term income of the two members of the Management Board in 2011 was 43% of gross salary. This is in accordance with the realisations on the above mentioned criteria. The long-term remuneration of both members of the Management Board for 2011 is 54% of gross salary. This percentage is in accordance with the realisations on the above mentioned criteria. It is not in the company's interest to publish further details. However, we can confirm that the Supervisory Board is convinced that the members of the Management Board have performed satisfactorily.

In the opinion of the Supervisory Board, the remuneration policy in place in 2011 was effective.

SUPERVISORY BOARD

The remuneration of the Supervisory Board was changed as from 6 April 2005 and is based on a fixed fee, supplemented by a fee for service as a committee member. The Supervisory Board believes that the fees are a responsible way of paying its members at a level that is broadly in line with that of Mediq's peer group. The remuneration system for the members of the Supervisory Board applied since 2005 and throughout 2011 is as set out below:

FIXED REMUNERATION		FEE PER COMMITTEE MEMBERSHIP	
Chairman	€ 40,000	Committee chairman	€ 5,000
Vice-chairman	€ 35,000	Committee members	€ 4,000
Members	€ 30,000		

The remuneration of committee members is also paid to the chairman and vice-chairman of the Supervisory Board if they are members of a committee. The remuneration of the members of the Supervisory Board disclosed in the financial statements was set in accordance with the above table in 2011.

HIGH-QUALITY, SAFE PHARMACEUTICALS AND MEDICAL DEVICES

AT MEDIQ WE ARE COMMITTED TO QUALITY AND SAFETY, A LOGICAL CONSEQUENCE OF OUR AIM TO PUT THE PATIENT FIRST. AFTER ALL, THIS IS ABOUT PEOPLE'S HEALTH, A PRICELESS ASSET IN ANY PERSON'S LIFE.

We will do all we can to ensure the quality and safety of the products we supply as much as possible, of both pharmaceuticals and medical devices. We have also launched a range of private label products as a high-quality alternative in the market. In the pharmacy channel, these are mainly self-care products and vitamin supplements. In the institutional channel, our private label products include incontinence and wound treatment products. In addition, we offer expert, reliable support for the medical equipment. <

Technical developments produce broad product range

TThe past few years have witnessed huge changes in hospital technology. Our range is developing apace: in the countries in which we operate in the institutional channel, we supply virtually all medical devices that are used in hospitals, such as disposable covering sheets and mouth caps. Especially in Finland, we also provide the most advanced equipment. Naturally, this means we have to keep an eye on new market launches all the time. We employ several specialists to keep track of all developments, helping to ensure that hospitals and care institutions can rely on a broad and up-to-date product range.

Matti Koivue campaigns for safe medical equipment

Matti Koivue is project manager at Mediq Suomi and a technical specialist and has worked for the company for decades. He advises designers and contractors on the construction or renovation of hospitals. His areas of responsibility include the installation of hospital equipment, such as operating tables, lights and monitor arms. One of his priorities is the safety of medical equipment, for which he has been campaigning for a long time. A few years ago his efforts were rewarded with a medal: the Order of the White Rose of Finland. Matti: 'I have been fortunate to work at the cutting edge of technology development in healthcare.'

RISK MANAGEMENT

DOING BUSINESS MEANS TAKING RISKS IN A RESPONSIBLE WAY. WE APPLY A RISK MANAGEMENT AND CONTROL SYSTEM WHICH FACILITATES THE IDENTIFICATION OF BUSINESS RISKS IMPACTING OUR OBJECTIVES, ON THE BASIS OF WHICH WE TAKE NECESSARY ACTIONS TO MANAGE OR MITIGATE THESE RISKS IN A STRUCTURED WAY.

RISK MANAGEMENT AND CONTROL SYSTEM

Our risk management and control system is in line with the COSO Enterprise Risk Management (COSO ERM) framework for risk management and control. We identify business risks relating to our strategic, operational and financial objectives, assess the likelihood of their occurrence and potential impact and where possible take the necessary steps to manage or mitigate these risks and monitor their timely resolution. This approach is embedded in our organisation as follows.

CORE VALUES

Integrity and openness are important core values within our organisation. We have incorporated these values in the company code 'Mediq - the essence'. These core values are explained in more detail in our Mediq management charter and the Mediq business incident plan (last updated in 2011) which are updated on a regular basis and submitted to our senior management within the organisation. We have an integrity procedure in place under which any incidents in the Netherlands, Poland, Denmark, Norway, United States, France and Hungary can be reported, anonymously if desired, to an external reporting line. Implementation in the other group companies will follow in 2012.

We are in the process of developing a systematic, group-wide programme to raise awareness among our employees of our core values and company rules. The appropriate and ethical behaviour of our employees is the best protection against running unnecessary risks.

PLANNING & CONTROL CYCLE

At set times in the year, all group companies draw up business plans, budgets and forecasts, which incorporate both financial and operational objectives. Discussions take place at regular intervals with the management of the group companies on the general business developments, including the attainability of forecasts and strategic choices, and the mitigation of business risks. We apply scenario analyses for developments with a potential significant impact on our financial results. We have a Mediq control framework in place which is meant to enhance the quality of the financial reporting process and standardise the financial controls covering our business processes. During 2011 we made efforts to further embed these controls in the business processes.

INTERNAL GUIDELINES AND EXTERNAL STANDARDS

Uniform operational and financial guidelines and procedures are in place that apply to all group companies, such as guidelines for the operational design of business processes and financial reporting, investments, financing and – more generally – long-term liabilities.

We perform due diligence reviews as a standard procedure for acquisitions and have an integration plan ready at the time of the completion of an acquisition. In addition, periodical evaluations are performed to establish to what extent the intended objectives of acquisitions have actually been attained.

We have a code for information and data security, both inside and outside the ICT environment. The business incident procedure requires central reporting of incidents that could harm our patients' health, could cause financial damage or could threaten our reputation.

We are bound to stringent statutory and regulatory requirements for quality and safety on the storage and delivery of our products. The majority of our Dutch pharmacies have a HKZ certification (harmonisation of quality assessment in healthcare). Our wholesaling operations in the Netherlands and Poland meet GDP standards (Good Distribution Practices). Furthermore, many of our group companies are certified according to ISO standards.

INSURANCE AND TREASURY POLICY

We apply a group-wide policy on insurance of business risks, with guidelines for group companies. We prevent a substantial impact on results by means of insurance policies including policies for risks of professional, product, and general liability, business, transport and directors' liability, and financial loss in respect of assets. We have implemented a corporate insurance programme, as a result of which all insurable risks are insured worldwide under the same cover and with the same and acceptable limits for uninsured risks.

We apply a group-wide treasury policy for adequate management of our cash flows and financing flows and the financial risks relating to them, including (re)financing risks, currency risks and interest rate risks. Our cash pooling facilities enable us to significantly reduce the capital required for operating activities and the related interest expense.

SAFE STORAGE AND TRANSPORT

We are bound to stringent statutory and regulatory requirements for quality and safety on the storage and delivery of our products.

RISK TOLERANCE

We stimulate the pursuit of new opportunities and accept the associated risks provided they contribute to the attainment of our strategic and operational objectives. The requirement we impose is that associated risks are identified and managed.

We apply stringent financial criteria for acquisitions and investments: acquisitions must not only satisfy strategic criteria but also generate a return on average capital employed of at least 15% before tax within a limited number of years. We are prepared to accept the risk of several concurrent acquisition processes, as long as these satisfy our targets in terms of returns, management and other criteria.

Our approach to risk is also influenced by a number of internal and external factors, such as our financial results and operating cash flows, our financing options, economic developments and statutory and regulatory requirements.

ASSESSMENT

The group companies are themselves responsible for the design and operating effectiveness of the risk management and control systems in their company, within central group guidelines. As part of the annual planning process, they perform an assessment of the main business risks relating to their objectives, the results of which are discussed with the Executive Board. In addition, group companies report bi-annually on the quality of their risk management and control systems by means of a letter of representation.

The group companies are responsible for the implementation of the Mediq control framework, which contains controls relating to their risk management process. This control framework is aimed in the present phase primarily at financial reporting risks, but will be gradually widened into a business control framework including controls aimed at mitigating operational risks as well.

Our Internal Audit department regularly performs risk-based audits at our group companies, which contribute to assessing and where necessary further improving the design and operating effectiveness of our risk management and control systems. Our external auditor assesses our risk management and control systems relating to financial reporting risks, as far as relevant for an efficient execution of their audit of the financial statements.

The results of our Internal Audit department's audits and the progress of the improvement measures are discussed with the responsible management and at least twice a year with the Audit Committee.

Once a year we discuss the overall design and operating effectiveness of our risk management and control systems with the Audit Committee, as well as any significant shortcomings identified and improvement measures already implemented or intended. Progress on the most important specific improvement measures is disclosed in the 'Statement by the Management Board'.

RISK PROFILE

Doing business means taking and managing risks. The attainment of our objectives depends in part on external economic factors, market developments, local regulations and other factors. A summary is provided below of the main risks relating to our objectives, categorised as market risks, strategic and operational risks, financial risks and risks relating to financial reporting and compliance with statutory and regulatory requirements. We also state how we manage these risks.

MARKET RISKS

Local regulations and price pressure

Government regulations play an important role in the markets in which we operate. We are experiencing ongoing price pressure in the countries in which we operate. To keep healthcare affordable, volume growth is in part mitigated by price pressure from governments and payers. Although we are not directly impacted by the weak economic climate we are experiencing the consequences of pressure on government budgets. Our group-wide scale combined with our strong local capabilities provides us with a strong foundation to be successful in changing markets. Where necessary, we adjust our business model - since 2008 we have streamlined our back-office operations at Pharmacies Netherlands, making us more efficient, and we have developed new value-added services.

Pharmacies Netherlands has been subject to very substantial price pressure, particularly since mid-2008, as a result of the preference policy pursued by healthcare insurers. In some cases prices fell by more than 90%. The market conditions and margins for pharmacies in the Netherlands have changed fundamentally in the past few years as a result, increasing the pressure on the earnings capacity of Dutch pharmacies. Our efforts have been directed at establishing a new business model that does justice to the role of pharmacists as healthcare professionals on the one hand and entrepreneurs on the other hand.

Pharmaceuticals prices and the reimbursement of pharmaceutical care have been deregulated as of 2012. With our newly developed integrated pharmaceutical care programme, we aim to play an important part in increasing the effectiveness of the therapy by higher compliance. Another aim is the lowering of costs of pharmaceuticals, by helping GPs to prescribe in a cost-effective way. Now that prices are no longer set by a regulatory body for the entire market, but are based on bilateral contracts with insurers, there is more room for entrepreneurship and for investing in the quality of services provided to patients. As the largest pharmacy chain we are well- positioned to benefit from these changes.

As from January 2012, the purchasing of biopharmaceuticals has been transferred from the basic individual insurance reimbursement to the hospital budget. This will impact us as we used to purchase these products and deliver them directly to patients' homes, together with nursing care if required. The policy change has required an adjustment of the business model for our group company that delivers this specialised medication; from full-service pharmacy on a stand-alone basis to delivery, on a fee-for-service basis, in cooperation with the hospital.

The requirements of healthcare insurers for the reimbursement of medical devices in the Netherlands and the USA are becoming more stringent in terms of documenting and monitoring of the usage of medical devices by patients.

We are also experiencing price pressure in the other countries in which we are active. We see that governments and insurers are increasingly initiating tenders.

In Poland, a new reimbursement law has been implemented as of January 2012. Reimbursements will be based on fixed producer prices whereas the wholesale mark-up will be fixed. As a result, there will be no discounts in the supply chain on reimbursed pharmaceuticals while price promotions in pharmacies for reimbursed pharmaceuticals has also been banned.

We limit the potential negative effects of these risks as much as possible by improved purchasing terms with manufacturers, efficiency improvements, deploying private label products for commodity-like products and investing in high-quality services at competitive prices. Mediq's increased international presence strengthens our ability to succeed. That is because patients who increasingly act as healthcare consumers will determine their choice of healthcare providers on the basis of the convenience and service on offer. We are represented in various relevant national and international industry associations and umbrella organisations, which enable us to participate in establishing regulations and to position ourselves opportunely for future developments.

Economic conditions and financing

The changes in local regulations have led to pressure on prices. The current challenging economic conditions have had a limited impact on our results. Our volumes continued to grow under the influence of increasing ageing and changing lifestyles.

A further economic downturn and subsequent governmental cuts of budgets can adversely impact our results. These budget cuts might lead to increasing price pressure which will impact our margins. Furthermore, our sales volumes of self-care pharmaceuticals and products for which co-payments of customers are required may decline, especially in Poland and the USA. The economic downturn might also increase our debtor risks, mainly at pharmacies in the Netherlands and Poland as well as Dutch healthcare institutions. To minimise the consequences, we have tightened the monitoring of our debtor positions and loans provided to customers, and apply more stringent procedures for cash management and working capital management.

In addition, our ability to carry out acquisitions may be limited if our results decline. We will therefore assess any acquisition opportunities selectively, with acquisitions having to satisfy stringent criteria (as stated under 'Risk Tolerance').

We have a healthy financing position. We funded our 2011 acquisitions from the available cash position and existing credit facilities. In addition, we successfully arranged financing on the US Private Placement market for a total amount of approximately $ 150 million, split into tranches of € 10 million and $ 137 million, with maturities of 7 and 10 years respectively. This provides us with sufficient financing headroom for funding acquisitions and/or temporary working capital fluctuations.

We have prepared several scenario analyses with respect to the potential risks that could occur due to the euro crisis. Our second successful US Private Placement has made us less dependent on bank financing. We have taken measures to reduce our counterparty risks with banks and strengthened the interest hedges on our loan facilities. Furthermore, we have assessed the risks relating to the financing of our group companies in case of a stagnation of the international bank traffic. In addition, we will closely monitor any credit risks of our customers and our main suppliers.

Given the uncertainties in the market, it is difficult to predict the potential scenarios and consequences relevant for our company. However, based on our risk analysis we believe we have taken adequate measures to secure our financial positions and cover our interest and foreign currency risks.

STRATEGIC AND OPERATIONAL RISKS

Growth of direct and institutional activities

Our strategy is focused on creating increased scale from both organic growth and a broadening of our portfolio. While international scale is important, the most significant driver of margins is local scale. We expect to increase scale and market share by achieving above-market organic growth.

We will pursue opportunities to expand through acquisitions. Increased scale will help us in achieving purchasing advantages and efficiency improvements. Our primary focus with a view to acquisitions is on the countries in which we already have a presence, with the main focus on the USA, Germany and France.

There is a risk that completed acquisitions will fail to match expectations. This risk is limited as much as possible by continual international market reviews, thorough screening of suitable acquisition targets and a focus on integrating newly acquired subsidiaries as quickly and thoroughly as possible, both in terms of control and in terms of commercial approach.. Besides focusing on increasing sales volumes we also aim to improve our gross margin in order to offset the ongoing price pressure from the payers. One of the main drivers for improving our gross margin is leveraging our purchasing power by strengthening our relationships with suppliers and expansion of our private label sales for commodity products. Exclusive distributorship contracts enable us to form long-term strategic relationships with manufacturers that recognise the benefits of partnering up with Mediq.

The staffing of key positions in our group companies is very important to achieving our objectives at both existing and newly-acquired entities. Increasingly, initiatives are taken to ensure appropriate succession in key positions and to improve the availability of internationally deployable managers, for instance by developing our talented managers and employees and organising functional global network meetings. Professionals are not only supported in their professional development, but also in their interpersonal skills (communication, impact, and language skills), management capabilities and leadership quality.

Strengthening of leading pharmacy formula

One of our strategic spearheads is to further strengthen

COOPERATION

Good cooperation with patient associations, insurers, manufacturers and general practitioners, is key to further improving our service to patients.

the Mediq pharmacy formula. We expect our transparent, high-quality services to position us strongly with patients and insurers. In the Netherlands in particular, we are also working on cooperation with patient associations, insurers, manufacturers and general practitioners, aiming to improve quality for patients. These measures are instrumental for Dutch pharmacies in switching successfully from a business model based mainly on purchasing margins to a model based on fees for services provided.

We have contracts with a number of insurers under which we retain responsibility for the purchasing and logistical handling of goods with a fixed fee for products and services provided.

Starting in 2012, the Dutch pharmaceutical reimbursement system has been liberalised, meaning that reimbursement for pharmaceuticals and related care services is based on bilateral agreements between the pharmacy and the healthcare insurer. We are implementing a new integrated pharmaceutical care programme. Together with the general practitioner, the pharmacist evaluates whether or not a patient is receiving the correct treatment, whether or not a patient is administering it in the correct way (therapy compliance) and whether or not the pharmaceutical treatment is in line with the most recent guidelines and scientific insights.

There is a risk that we will not be sufficiently able to fully meet the expectations of patients, healthcare providers, manufacturers and insurers with our group-owned and franchise pharmacies. In addition to this we might not be able to mitigate the impact of the new, free pricing system in the Netherlands.

We aim to limit this risk by expanding the brand recognition of our Mediq pharmacy brand, optimising chain management and chain control, stringent monitoring of quality indicators, implementing the new integrated pharmaceutical care programme, expanding the franchise model, developing pharmaceutical patient care programs and further standardising our processes.

Our wholesale market in both the Netherlands and Poland is very competitive which severely impacts the profitability of these activities. Therefore cost efficiency within our logistic operations is key.

The increasing differentiation in policies of healthcare insurers and growing compliance requirements are continually increasing the number of administration and monitoring tasks at Pharmacies Netherlands.

During 2011, we implemented various measures to enhance the controls relating to the logistics, commercial and financial systems of our Dutch pharmacies. These measures included the implementation of ICT applications, process improvements and further standardisation and centralisation of accounting processes. With embedding and stabilisation of process improvements taking place in the first half of 2012, we have sufficient controls in place to monitor the physical goods and money movements at our pharmacies.

Efficiency improvement
Guided by integrated logistical concepts, we aim to improve our logistical performance and to mitigate margin erosion by price reductions, as there is a risk that price erosion cannot be compensated by efficiency measures and will eventually lead to margin erosion. To prevent this, we are working continually to realise efficiency improvements, for instance by optimising and integrating our logistics concepts, further standardising processes, group-wide purchasing of medical devices and expanding our range of private label products for commodity products. We are also optimising cooperation and the exchange of knowledge between the various group companies.

We are working to sharply reduce our operating costs at Pharmacies Netherlands by further centralising and standardising our operations. We have recently installed a new order fulfilment system in one of our warehouses and also further integrated the transport activities for our group companies in the Netherlands. By the end of 2011 we completed the restructuring programme at Pharmacies the Netherlands, leading to a reduction of our workforce by 450 full-time equivalents (FTEs) since mid-2008.

As a result of recent acquisitions, Mediq is now active in 15 countries. The growing international scope and increasing complexity of the business environment creates a need to further improve and harmonise common processes and policies in the areas of IT, logistics and quality management. In 2010, we appointed corporate directors in these areas who will further build on creating synergies and sharing best practices between the business units.

We use various ICT systems within the group. In order to reduce the risks associated with ICT systems that are not optimally integrated, we are continually working on further standardising our information processes and ICT systems as much as possible. ICT systems of acquired companies are integrated as quickly as possible in existing platforms. We are aiming to reduce the number of ICT platforms and we have selected preferred solutions able to support the ambitions and businesses of Mediq at present and going forward; we will only do this when existing platforms are due for replacement, to avoid unnecessary costs. Our aim is to further professionalise the current IT landscape by implementing strong governance on budget monitoring, project management, progress reporting and contract management. We will reorganise the IT organisation by implementing a global IT delivery organisation within Mediq responsible for running the day-to-day operations. Within the business units, IT demand organisations will support business initiatives.

We have initiatives in place to improve the performance of our wholesale activities in Poland, mainly aimed at improving service levels, and reducing costs, for instance by optimising our logistical footprint and by integrating call centres. We already closed several local distribution centres in 2010 and 2011 and we have integrated them in the new national distribution centre. Although this integration has proven to be more complex than originally expected, leading to temporarily higher costs, the measures taken are expected to lead to improvements in our supply chain.

The number of compliance checks by healthcare insurers on the correctness of invoicing is increasing continually, especially in the USA and the Netherlands. We will intensify our efforts to address this topic within our group companies and will focus on process improvements where applicable in order to mitigate the risks involved.

The carve-out of Mediq Sverige has proven to be more difficult than anticipated. We closed some warehouse locations and have established a new national distribution centre in Kungsbacka. An optimisation plan has been developed to secure the expected efficiencies and service levels.

FINANCIAL RISKS

Our financing structure is directed at maintaining a balance between the leverage of loan capital and sufficient available funding. The covenants applying to our loans and credit facilities are a maximum net debt/ EBITDA ratio of 3.5 and a minimum interest cover of 5.0 (EBITDA/interest charges). At year-end 2011 these ratios were 1.7 and 13.9 respectively.

Our total credit facilities, consisting of long-term loans from institutional investors and medium-term and short-term banking facilities, amounted to € 430 million (2010: € 432 million) at 31 December 2011, of which € 88 million was freely available under the committed facilities.

Our policy aims to consistently hedge currency risks arising from trading transactions or loans not denominated in the local currency of the group company concerned, usually by forward foreign exchange transactions. We do not hedge translation risks. We regard our positions in other countries (in this case outside the euro zone) as strategic and assume that, over the longer term, currency fluctuations will on balance be neutral. We have limited our interest rate risks by using interest rate swaps where necessary.

In the area of tax, we use facilities offered by tax legislation and regulations without incurring unnecessary risks. We are supported by external tax advisers in assessing the legal opportunities and reviewing our compliance with tax law. We consult regularly with the tax authorities on the interpretation of tax rules and the outcome cannot always be reliably predicted. Changes in the corporate income tax rate in the countries in which we are active could lead to favourable and/or adverse changes in the tax positions in our balance sheet.

With regard to pension risks: our employees are entitled to either defined benefit plans or defined contribution plans. The defined benefit plans mainly relate to Dutch entities that are members of Stichting Pensioenfonds Mediq ('Mediq Pension Fund'). The number of participants concerned is around 4.500 (active and non-active). The pension obligations of Dutch group companies not falling within the scope of the Mediq Collective Labour Agreement and of international group companies are generally insured with separate industrial pension funds or insurance and reinsurance companies, or are insured via local governments. The boards of the pension funds are responsible for the policy pursued. The main risks of pension funds relate to longevity risks, interest rate risks, cash flow risks and investment risks. These risks are limited as much as possible, for instance by analysing life and mortality developments, performing Asset Liability Management studies and by optimum implementation of an adequate investment policy. In the event of underfunding at the Mediq Pension Fund, financing is arranged for this on the basis of the administration agreement with Mediq.

Due to the developments in the financial markets during 2011, the returns on investments realised by the Mediq Pension Fund were more than offset by the interest losses, mainly caused by the significant decrease of market interest rates and uncertainties in the financial markets.
Mediq Pension Fund consequently had to prepare a new recovery plan in December 2011. Based on this recovery plan, the fund expects to recover to the minimum required equity levels by 2013. The coverage ratio at the end of December 2011 was 103.7 (2010: 111.9).

Given the current volatile market developments, Mediq and Mediq Pension Fund are in the process of investigating possible alternatives for the current pension arrangements and pension administration models, in order to reduce the balance sheet volatility for Mediq and to reduce the efforts required to govern the pension fund. Possible alternatives could be a merger with a multi-employer pension fund, an insured pension arrangement, or changing the current pension arrangements to be administrated by Mediq Pension Fund.

For a further discussion and quantification of the financial risks referred to above we refer to the notes to the financial statements 2011 under 'Other provisions' and 'Other disclosures: risk management and financial instruments'.

RISKS RELATING TO FINANCIAL REPORTING AND COMPLIANCE WITH STATUTORY AND REGULATORY REQUIREMENTS

Reliable financial reporting is essential for internal management information and as a basis for external reporting. The financial reporting by the group companies is subject to group-wide guidelines, based on IFRS. Extensive checks and balances reduce the risk of errors.

In view of the industry in which we are active, careful compliance with statutory and regulatory requirements and our code of conduct is of the utmost importance. We propagate its importance within the group through guidelines, for instance our company code, 'Mediq - The essence'. Employees are able to report (anonymously if desired) actual breaches or possible breaches under the integrity procedure. In addition our 'business incident' procedure also informs the responsible managers at the most senior level of breaches of statutory and regulatory requirements. These tools help us to limit the risk of fraud as much as possible (alongside other controls).

As a logistics service provider, we have distribution centers that are required to comply with local statutory and regulatory requirements in the field of safety (for instance working conditions) and the environment (for instance transport and waste). If regulations in these fields become more stringent, this may require us to make additional investments to ensure continued compliance with these laws and regulations.

We have taken various steps to prevent distribution of counterfeit medical devices, including tighter purchasing and product recall procedures and we are in the process of implementing our Code of Ethics for Suppliers.

We ourselves are responsible for the quality standards of private label products manufactured on our behalf. In view of the volume growth of these products, we are in the process of further tightening our quality standards for this category in the coming year.

STATEMENT BY THE MANAGEMENT BOARD

We are responsible as Management Board for the development, implementation and operating effectiveness of the risk management and control systems aligned to our business activities. These systems are designed with a view to identifying significant risks in a timely manner and managing them as adequately as possible. They provide insight with reasonable assurance into what extent strategic, operational and financial objectives will be attained, financial reporting is reliable, and relevant statutory and regulatory requirements are complied with. These systems have been developed on the basis of COSO ERM.

For a description of our risk management and risk profile, we refer to the section 'Risk management'. The internal letters of representation issued by the group companies, periodic risk assessments and the regular discussions with the management of the group companies are an integral part of our risk management approach. Once a year we discuss the overall design and operating effectiveness of our risk management and control systems with the Audit Committee, as well as any significant shortcomings identified and improvement measures already implemented or intended.

During 2011, we implemented various measures to enhance the controls relating to the logistics, commercial and financial systems of our Dutch pharmacies. These measures included the implementation of ICT applications, process improvements and further standardisation and centralisation of accounting processes. With embedding and stabilisation of process improvements taking place in the first half of 2012, we have sufficient controls in place to monitor the physical goods and money movements at our pharmacies.

With due consideration of the above, we believe that our risk management and control systems provide reasonable assurance that the financial reporting does not contain any errors of material importance and that the risk management and control systems relating to financial reporting risks operated properly in the year under review.

Our risk management and control systems can, however, not provide absolute certainty that the strategic, operational and financial objectives will be fully attained and that statutory and regulatory requirements are always fully complied with. Nor will the systems be able to prevent all human errors, including errors of judgement and mistakes. It is, moreover, inherent in doing business that costs must always be weighed up against benefits in accepting risks and implementing controls.

Based on the above, in our opinion we meet best practice provisions II.1.3, II.1.4 and II.1.5 of the Dutch Corporate Governance Code.

We are signing the financial statements pursuant to Section 101 (2) of Book 2 of the Netherlands Civil Code and Section 5:25c (2c) of the Financial Supervision Act.
In addition thereto we declare, in accordance with section 5:25c of the Financial Supervision Act, that to the best of our knowledge:

- the financial statements included in this Annual Report 2011 give a true and fair view of the assets, liabilities and financial position as at 31 December 2011 and the result for 2011 of Mediq NV and its consolidated group companies taken as a whole; and
- the Annual Report 2011 gives a true and fair view of the situation as at 31 December 2011, the developments during 2011 at Mediq NV and its consolidated group companies taken as a whole, and describes the principal risks and uncertainties which Mediq NV faces.

Utrecht, 15 February 2012

Marc van Gelder, chairman of the Management Board
Hans Janssen, Chief Financial Officer

ROOM FOR EMPLOYEES' PERSONAL DEVELOPMENT

AS A COMPANY WORKING IN HEALTHCARE, WE HAVE A SPECIAL RESPONSIBILITY FOR OUR EMPLOYEES' HEALTH. THIS ENCOMPASSES NOT JUST GOOD WORKING CONDITIONS, BUT ROOM FOR INITIATIVE AS WELL.

We set great store by motivated and knowledgeable employees who want to go the extra mile. We offer vocational courses and product training and employees are given room for personal development. Talented employees can benefit from opportunities to acquire experience at group companies in other countries, for example in joint projects. We also value, and try to stimulate, qualities such as enthusiasm and flexibility in our employees. A good working atmosphere is evidently enjoyable for all of us within the company and also nurtures a welcoming approach to our customers. <

Fitness training for all employees

Lars Petersen in Denmark introduced daily fitness training sessions for his colleagues. Lars is also highly committed to exercise when he is not at work: he kayaks, bikes, takes long walks and enjoys inspiring people to exercise more. His enthusiasm has moved his fellow workers to get moving as well.

Exercising together

The fitness sessions are held in the warehouse, which provides all the space that is needed. Everyone is gathered twice during the day, where Lars demonstrates all the exercises and everyone follows suit. He also uses special equipment including rubber bands, etc. In this way he helps to keep his Danish colleagues fit and it is a lot of fun on top of that. Exercising together is a simple way to lift people's energy levels and spirits, creating greater cohesion and a positive work attitude.

FINANCIAL STATEMENTS 2011

CONSOLIDATED INCOME STATEMENT

X € 1,000	NOTE	2011	2010
Net sales	5	2,657,705	2,633,940
Cost of sales		2,012,576	2,043,306
Gross profit		**645,129**	**590,634**
Other income	6	**5,887**	**14,164**
Personnel costs	7	318,644	294,182
Depreciation and amortisation	8	37,938	32,267
Impairment of non-current assets	9	–	3,547
Other operating expenses	10	183,356	160,267
Total operating expenses		**539,938**	**490,263**
Operating result		**111,078**	**114,535**
Finance income	11	1,411	1,269
Finance costs	11	– 12,739	– 14,731
Net finance costs		**– 11,328**	**– 13,462**
Share of profit of associates	12	**984**	**1,099**
Profit before income tax		**100,734**	**102,172**
Income tax expense	13	– 25,020	– 23,814
Profit for the period		**75,714**	**78,358**
Attributable to:			
Owners of the Company (net result)		73,415	76,662
Non-controlling interests		2,299	1,696
Total		**75,714**	**78,358**
IN EUROS			
Basic earnings per share attributable to owners of the Company	14	1.26	1.30
Diluted earnings per share attributable to owners of the Company	14	1.26	1.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

X € 1,000	NOTE	2011	2010
Profit for the period		**75,714**	**78,358**
Other comprehensive income			
Actuarial gains and losses:	27		
• Actuarial gains and losses on defined benefit pension plans		8,899	– 14,967
• Tax effect on actuarial gains and losses		– 2,225	3,817
Cash flow hedges:	27		
• Net change in fair value of cash flow hedges reclassified to profit or loss		4,241	– 909
• Tax effect on cash flow hedges		– 1,060	232
Foreign currency translation differences	27	– 12,026	4,810
Other comprehensive income for the period		**– 2,171**	**– 7,017**
Total comprehensive income for the period		**73,543**	**71,341**
Total comprehensive income attributable to:			
Owners of the Company		72,808	69,227
Non-controlling interests		735	2,114
Total comprehensive income for the period		**73,543**	**71,341**

CONSOLIDATED BALANCE SHEET

X € 1,000	NOTE	31.12.2011	31.12.2010
Non-current assets			
Property, plant and equipment	15	114,501	109,824
Investment property	16	1,764	1,796
Goodwill	17	472,310	364,529
Other intangible assets	18	48,338	39,539
Investments in associates	19	7,613	7,204
Deferred tax assets	30	23,547	28,588
Receivables	20	2,862	4,050
Derivative financial instruments	29	7,968	356
		678,903	**555,886**
Current assets			
Inventories	21	241,701	231,809
Trade receivables	22	344,220	297,405
Corporate income tax		5,439	10,745
Other receivables	23	37,625	32,394
Derivative financial instruments	29	1,203	81
Cash and cash equivalents	24	67,155	67,196
Non-current assets held for sale	25	–	297
		697,343	**639,927**
Total assets		**1,376,246**	**1,195,813**
Equity			
Share capital and share premium	26	107,154	107,154
Reserves	27	432,412	384,862
Total equity attributable to owners of the Company		**539,566**	**492,016**
Non-controlling interests		17,155	18,207
Total equity		**556,721**	**510,223**
Non-current liabilities			
Borrowings	28	345,659	210,545
Derivative financial instruments	29	5,020	6,732
Deferred tax liabilities	30	27,738	22,059
Retirement and other employee benefit obligations	31	2,769	12,080
Provisions	32	3,118	4,247
		384,304	**255,663**
Current liabilities			
Credit institutions		197	462
Borrowings due within one year	28	3,852	32,075
Derivative financial instruments	29	294	1,577
Trade payables and other current liabilities	33	396,642	360,267
Corporate income tax liability		2,444	1,350
Other taxes and social security charges		26,515	25,564
Provisions	32	5,277	8,632
		435,221	**429,927**
Total equity and liabilities		**1,376,246**	**1,195,813**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

X € 1,000								2010
Note: 26, 27	PAID-UP SHARE CAPITAL	SHARE PREMIUM	RESERVE FOR TRANS-LATION DIF-FERENCES	HEDGING RESERVE	OTHER RESERVES	TOTAL ATTRI-BUTABLE TO OWNERS	NON-CON-TROLLING INTERESTS	TOTAL EQUITY
Opening balance at 1 January 2010	**14,671**	**92,483**	**– 448**	**– 3,222**	**335,084**	**438,568**	**15,539**	**454,107**
Profit for the period					**76,662**	**76,662**	**1,696**	**78,358**
Other comprehensive income:								
• Actuarial gains and losses on defined benefit pension plans					– 14,967	– 14,967		– 14,967
• Tax effect on pension actuarial gains and losses					3,817	3,817		3,817
• Net change in fair value of cash flow hedges				– 909		– 909		– 909
• Tax effect on cash flow hedges				232		232		232
• Foreign currency translation differences			4,392			4,392	418	4,810
Other comprehensive income			**4,392**	**– 677**	**– 11,150**	**– 7,435**	**418**	**– 7,017**
Total comprehensive income			**4,392**	**– 677**	**65,512**	**69,227**	**2,114**	**71,341**
Transactions with owners:								
• 2009 final dividend	151	– 151			– 11,527	– 11,527		– 11,527
• Acquisitions							71	71
• Dividend and subscribed capital							– 737	– 737
• Transactions with non-controlling interests							1,427	1,427
• Distribution of 2010 interim dividend	90	– 90			– 4,227	– 4,227		– 4,227
• Other movements					– 25	– 25	– 207	– 232
Total transactions with owners of the Company	**241**	**– 241**			**– 15,779**	**– 15,779**	**554**	**– 15,225**
Balance at 31 December 2010	**14,912**	**92,242**	**3,944**	**– 3,899**	**384,817**	**492,016**	**18,207**	**510,223**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

X € 1,000								2011
Note: 26, 27	PAID-UP SHARE CAPITAL	SHARE PREMIUM	RESERVE FOR TRANSLATION DIFFERENCES	HEDGING RESERVE	OTHER RESERVES	TOTAL ATTRIBUTABLE TO OWNERS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Opening balance at 1 January 2011	**14,912**	**92,242**	**3,944**	**– 3,899**	**384,817**	**492,016**	**18,207**	**510,223**
Profit for the period					**73,415**	**73,415**	**2,299**	**75,714**
Other comprehensive income:								
• Actuarial gains and losses on defined benefit pension plans					8,899	8,899		8,899
• Tax effect on pension actuarial gains and losses					– 2,225	– 2,225		– 2,225
• Net change in fair value of cash flow hedges				4,241		4,241		4,241
• Tax effect on cash flow hedges				– 1,060		– 1,060		– 1,060
• Foreign currency translation differences			– 10,462			– 10,462	– 1,564	– 12,026
Other comprehensive income			**– 10,462**	**3,181**	**6,674**	**– 607**	**– 1.564**	**– 2,171**
Total comprehensive income			**– 10,462**	**3,181**	**80,089**	**72,808**	**735**	**73,543**
Transactions with owners:								
• 2010 final dividend	131	– 131			– 10,896	– 10,896		– 10,896
• Acquisitions							163	163
• Purchase of own shares					– 9,748	– 9,748		– 9,748
• Dividend and subscribed capital							– 2,091	– 2,091
• Transactions with non-controlling interests							141	141
• Distribution of 2011 interim dividend	82	– 82			– 4,603	– 4,603		– 4,603
• Other movements					– 11	– 11		– 11
Total transactions with owners of the Company	**213**	**– 213**			**– 25,258**	**– 25,258**	**–1 ,787**	**– 27,045**
Balance at 31 December 2011	**15,125**	**92,029**	**–6,518**	**– 718**	**439,648**	**539,566**	**17,155**	**556,721**

CONSOLIDATED STATEMENT OF CASH FLOWS

X € 1,000	NOTE	2011	2010
Profit for the period		75,714	78,358
Adjustments for:			
Net finance costs	11	11,328	13,462
Share of profit of associates	12	– 984	– 1,099
Income tax expense	13	25,020	23,814
Depreciation of non-current assets	8	20,681	19,442
Amortisation of intangible assets	8	17,257	12,825
Impairment of non-current assets	9	–	3,547
Book gain on sale of group companies	6	– 178	– 460
Book gain on sale of non-current assets	6	– 118	– 4,668
Profit on investments	6	–	– 2,568
Movements			
Movements in provisions		– 5,739	– 857
Movements in inventories	34	– 1,886	– 1,651
Movements in current receivables	34	– 42,557	– 6,348
Movements in current liabilities	34	24,555	4,531
Operating cash flow		**123,093**	**138,328**
Finance cost paid		– 12,994	– 13,463
Tax paid on operating result		– 15,376	– 42,089
Cash flows from operating activities		**94,723**	**82,776**
Additions to non-current assets	15, 16, 17, 18	– 23,195	– 20,619
Acquisitions less cash and cash equivalents	4	– 153,776	– 90,413
Finance income received		915	1,355
Dividends received	6, 19	584	1,920
Sale of group companies	4	–	460
Disposals of non-current assets		5,456	41,779
Loans granted	20	– 259	– 735
Payments received on loans	20	2,105	2,574
Cash flows from investing activities		**– 168,170**	**– 63,679**
Purchase of own shares		– 5,574	–
Dividends paid		– 15,499	– 15,754
Proceeds from borrowings		128,011	40,000
Repayments of borrowings		– 31,419	– 85,217
Movements in non-controlling interests		– 1,845	595
Cash flows from financing activities		**73,674**	**– 60,376**
Net cash flow		**227**	**– 41,279**

CONSOLIDATED STATEMENT OF CASH FLOWS

X € 1,000	2011		2010
Reconciliation with the balance sheet:			
Net cash flow	**227**		**– 41,279**
Foreign currency translation differences in net cash or cash equivalents	– 3		7
Subtotal	**224**		**– 41,272**
Net cash or cash equivalents at beginning of period			
Cash and cash equivalents	67,196		109,737
Credit institutions	– 462		– 1,731
	66,734		**108,006**
Net cash or cash equivalents at end of period			
Cash and cash equivalents	67,155		67,196
Credit institutions	– 197		– 462
	66,958		**66,734**
Movement in net cash or cash equivalents in the balance sheet	**224**		**– 41,272**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 REPORTING ENTITY

Mediq NV ('Mediq') has its registered office in Utrecht, the Netherlands. The consolidated financial statements of the group for 2011 include the holding company and all its group companies. In addition Mediq holds interests in third parties (investments in associates). A list of the most significant associates can be found in the notes.

2 BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The 2011 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs).

The Supervisory Board discussed the draft financial statements with the Management Board. Following the discussion, the Management Board released the full-year results for publication on 15 February 2012. The annual report will be submitted for adoption to the General Meeting of Shareholders on 11 April 2012.

BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the basis of the historical cost convention, except for the following material balance sheet items:

- Non-current financial assets that are investments are carried at fair value with fair value changes taken through profit or loss;
- Derivatives (derivative financial instruments) are carried at fair value.

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The financial statements are prepared in euros, Mediq's functional and reporting currency. All financial information in euros is rounded to the nearest thousand.

USE OF ESTIMATES AND JUDGEMENTS

The financial statements are prepared in accordance with EU-IFRSs. In doing so, management has to make certain assumptions and estimates that affect the value of assets and liabilities, the determination of results, and the disclosure of contingent assets and liabilities. The actual outcomes may differ from those estimates. The estimates and underlying assumptions are reviewed continually. Revisions of estimates are recognised in the period in which the estimates are revised and in future periods affected by the revision.

In particular, information on the assumptions and estimation uncertainties that the Management Board judges to be the most critical to fairly presenting the financial position and that require subjective or complex judgement by management is included in the following sections of the notes:

- Note 4: Acquisitions and disposals of subsidiaries and non-controlling interests
- Note 17: Intangible assets
- Note 22: Collectibility of receivables due
- Note 30: Deferred tax assets and liabilities
- Note 31: Retirement and other employee benefit obligations
- Note 32 and Note 36: Provisions and contingent liabilities

CHANGES IN ACCOUNTING POLICIES

New and amended standards adopted by the group

There are no IFRS standards or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that have a material impact on the group.

3 SIGNIFICANT ACCOUNTING POLICIES

The main policies used in preparing the consolidated financial statements are explained below. The group companies have consistently applied these policies for the periods included in these consolidated financial statements, unless stated otherwise.

BASIS OF CONSOLIDATION

Group companies
The consolidation includes the financial information of Mediq and of companies controlled by the company. In general, the company holds, directly or indirectly, more than 50% of the voting rights in these companies. The assets, liabilities and results of these companies ('group companies') are consolidated in full. Transactions, balances and unrealised results between group companies are eliminated. Non-controlling interests in the consolidated results and equity are stated separately.

Business combinations
Business combinations are accounted for using the acquisition method as of the date of acquisition, i.e. the date on which control is transferred to Mediq. Mediq has control if we have the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, we take account of potential voting rights that are currently exercisable.

Goodwill is measured as follows:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the acquisition is achieved in stages, the fair value of the previously held equity interest in the acquiree; net of
- the net recognised amount (generally fair value) of the identifiable assets acquired and the liabilities assumed.

If the difference is negative, a book gain is recognised immediately in the income statement as a bargain purchase gain.

Acquisition-related costs, other than costs relating to share or bond issues, are recognised in the income statement when incurred.

The fair value of a contingent consideration is recognised on the acquisition date. A contingent consideration classified as equity is not subsequently revalued and changes are accounted for within equity. All other subsequent changes after initial recognition are taken through profit or loss.

Disposals
The financial information of group companies that have been sold is included in the consolidation up to the date that control ends. On the sale of a group company, the difference between the sale proceeds and carrying amount, including goodwill and accumulated translation differences, is recognised in profit or loss. If the group retains an interest in the former subsidiary, the interest is recognised at fair value as from the date control ends.

Investments in associates
An associate is an entity over whose financial and operating policies the group has significant influence, but not control, because of its equity interest in the entity. Investments in associates are recognised on the basis of the equity method, together with the goodwill purchased on acquisition, less any impairment losses on individual assets.

The value of associates according to the equity method is determined in accordance with the group's accounting policies. Investments in associates are initially recognised at cost, which is allocated according to the fair value of the net assets at the date of acquisition. Subsequent valuations are based on fair values determined in the same way.

We determine the share of profit of associates in accordance with Mediq's accounting policies. For these interests, we present pro rata amounts in the income statement based on the equity method. Dividend distributions received from associates are set off against the carrying amounts of the investments in them.

If our share in losses exceeds the value of the interest in the associate, the carrying amount of the entity is written down to nil and no further losses are recognised, except if we have entered into a legally enforceable or constructive obligation or have made payments on behalf of an associate. Transactions with our associates are carried out at arm's length.

Elimination of intra-group transactions
Intra-group balances and transactions, any unrealised income and expenses on intra-group transactions or gains or losses from such transactions are eliminated in preparing the consolidated financial statements. Unrealised profits and losses arising from transactions with associates are eliminated in proportion to the group's interest in the investment.

FOREIGN CURRENCY TRANSLATION

Transactions and balance sheet positions
Trading transactions and balance sheet positions in foreign currencies are recorded by individual group companies in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rates at that date. The resulting translation differences and the foreign exchange differences arising on settlement of such transactions are recognised in profit or loss.

Group companies
The results and balance sheet items of all group companies that report in a functional currency other than the euro are translated into euros as follows:

- assets and liabilities are translated into euros at the exchange rate ruling on the balance sheet date;
- income statement items are translated into euros at the exchange rate that approximates the exchange rate on the transaction date;
- gains and losses arising on the translation of the net asset value of consolidated entities are recognised directly in equity.

On the disposal of all or part of a foreign entity resulting in a loss of control, any cumulative currency translation differences are recognised in profit or loss as part of the gain or loss on the sale.

Goodwill arising on the acquisition of a foreign activity and adjustments to its fair value are part of the investment in the foreign activity. They are translated into euros at the exchange rate at the balance sheet date.

The following exchange rates have been used in these financial statements for the main countries in which Mediq is active:

IN EUROS		BALANCE SHEET AT 31.12.2011	INCOME STATEMENT 2011	BALANCE SHEET AT 31.12.2010	INCOME STATEMENT 2010
US dollar (USD)	100	77.29	71.78	74.84	75.35
Polish zloty (PLN)	100	22.43	24.30	25.16	24.93
Danish krone (DKK)	100	13.45	13.42	13.42	13.43
Norwegian krone (NOK)	100	12.90	12.85	12.82	12.46
Swedish krona (SEK)	100	11.22	11.11	11.15	10.73
Swiss franc (CHF)	100	82.26	81.20	79.97	72.74

STATEMENT OF CASH FLOWS

The statement of cash flows is drawn up using the indirect method. The cash items in the statement of cash flows comprise cash and cash equivalents, the bank credits and money market borrowings included under current liabilities. Cash flows in foreign currencies are translated at the exchange rate at the time of the transaction.

Investments in group companies are included at cost of acquisition of the equity instruments or – if applicable – capital employed, plus interest-bearing debts acquired less cash and cash equivalents held by the acquired company.

PROPERTY, PLANT AND EQUIPMENT

We value property, plant and equipment at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognised as an expense and calculated on a straight-line basis taking into account useful life and any residual value. Land is not depreciated. Buildings are depreciated over a period of between 10 and 33 years. Plant, equipment and other operating assets are depreciated over periods ranging from 3 to 10 years.

Maintenance, repairs and refurbishments are generally treated as costs in the period in which they are carried out.
Major refurbishments are capitalised as part of the carrying amount of the assets to which they relate, if it is reasonable to assume that the future economic benefits will exceed the original carrying amount. They are depreciated over their residual lives but not exceeding the remaining useful lives of the respective assets concerned.

All residual values and useful lives are reviewed at the end of each year. In the case of revised expectations, the differences are treated as changes in accounting estimates.

Fair value is reviewed at intervals of a few years by independent experts.

INVESTMENT PROPERTY

The carrying amount of investment property is determined using the cost model and the same accounting policies that are applied to property, plant and equipment.

GOODWILL

Intangible assets include goodwill purchased on acquisitions. Goodwill on acquisitions of associates is recognised under investments in associates. Goodwill is calculated as the difference between the cost of acquisition at the date of acquiring a company and the group's share of the fair value of the identifiable assets and liabilities. After initial recognition, goodwill is carried at cost less accumulated impairment losses.

For the sale of an entity over which we have control, the amount of goodwill written off is in proportion to the entity's share in the total value of the cash generating unit to which it belongs.

OTHER INTANGIBLE ASSETS

Intangible assets other than goodwill, such as software, websites and identified assets on investments in group companies, and customer relationships, are valued at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised as a cost and calculated on a straight-line basis over the asset's expected useful life, which lies between three and five years for software and websites. The amortisation period for customer relationships depends on the customer attrition rate estimated in advance.

NON-CURRENT FINANCIAL ASSETS

Financial assets are recognised in the balance sheet up to their date of settlement. The group holds financial assets in the following categories:

- Receivables

  After initial recognition at fair value plus directly attributable transaction costs, receivables included in this category are carried at amortised cost, net of a provision for doubtful debts where necessary. All differences between the amount loaned (after settlement of any premium or discount) and the scheduled repayments to be received are recognised in profit or loss during the term of the receivable in accordance with the effective interest method. Receivables due within one year are classified as current assets.
- Investments

  These financial assets are recognised at fair value. We recognise the gains and losses on investments (including dividends received) directly in profit or loss.

IMPAIRMENT OF NON-CURRENT ASSETS

At each balance-sheet date, the group assesses whether there are indications that an asset might have been impaired. If such an indication exists, the recoverable amount of the asset is calculated. If it is not possible to determine the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. Goodwill is tested annually for impairment even if there are no such indications.

For goodwill impairment tests, the determining factor is the level on which we monitor goodwill within the company. In line with this approach, a chain of pharmacies, as opposed to the individual pharmacies, is treated as a single unit for the purpose of impairment testing. The individual group company is treated as cash-generating unit for our other activities.
An impairment loss arises if the net carrying amount of an asset exceeds its realisable value, where the realisable value is the higher of the fair value less costs to sell and its value in use. If the realisable value is less than the net carrying amount, the asset is written off to its realisable value (that is, an impairment loss is recognised). Impairment losses are taken directly to profit or loss.

Should the circumstances that led to the impairment change to such an extent that the realisable value increases, the impairment is fully or partly reversed, except in the case of goodwill. In such cases, the carrying amount of the asset is increased to the revised realisable value, subject to a maximum of the carrying amount that would have been determined had no impairment loss been recognised for the asset.

INVENTORIES

Inventories are recognised at the lower of their weighted average cost and realisable value. The average cost includes freight charges, excise duties, discounts, bonuses, and manufacturing and repackaging costs to the extent that they are directly attributable to the inventory. The realisable value is the estimated selling price under ordinary business conditions, less the estimated costs of completion and selling expenses.

TRADE RECEIVABLES

After their initial recognition at fair value, trade receivables are carried at amortised cost less any collection costs. A provision for doubtful debts is established when it is more likely than not that the group will not be able to collect the full amount of a trade receivable. The size of the provision is the difference between the net carrying amount of the trade receivables and the present value of the expected cash flows. Additions to the provision are charged to profit or loss.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and bank balances and other demand deposits. Cash and cash equivalents are carried at face value.

NON-CURRENT ASSETS HELD FOR SALE

Assets are classified as ‘held for sale’ if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the appropriate level of management must be committed to sell the asset, and an active programme to locate a buyer and complete the transaction must have been initiated. Furthermore, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. If events or circumstances beyond the group’s control prevent the sale from being completed within one year, but all other criteria for classification as ‘held for sale’ are still met in full, the period required to complete the sale is extended. These assets are valued at the lower of their carrying amount and fair value less costs to sell on the date they are classified as ‘held for sale’.

EQUITY

Purchased own shares are classified as treasury shares and presented as a deduction from other reserves within equity, until those shares are cancelled or sold. If the purchased shares are sold, the sale proceeds are added to other reserves.

For the buyout or sale of non-controlling interests in an entity over which we already have control, the difference between the fair value and carrying amount is recognised directly in equity.

The owners of the Company are entitled to dividend as adopted by the General Meeting of Shareholders. The dividend distribution is recognised in the consolidated balance sheet as a liability in the period in which the dividend distribution is approved by the General Meeting of Shareholders.

LONG-TERM BORROWINGS

We recognise long-term borrowings initially at fair value less transaction costs. Subsequently, they are carried at amortised cost. All differences between the amounts received (net of transaction costs) and the repayment obligations are recognised in profit or loss during the term of the debt in accordance with the effective interest method. Long-term liabilities repayable within one year are classified as current liabilities.

FINANCE LEASES

Lease contracts under which substantially all risks and rewards of ownership of the asset have been transferred to the group are included in the balance sheet at the commencement of the lease contract at the lower of the fair value of the asset and the present value of the minimum number of lease payments. The lease payments are apportioned between a repayment component and a finance charge, based on an implicit interest rate. We recognise long-term lease commitments, excluding the interest components, under long-term liabilities. Lease payments due within one year are included under current liabilities. The interest component of the lease payment is recognised in profit or loss. The corresponding assets are depreciated over their remaining useful life or, if shorter, the remaining term of the lease contract.

OPERATING LEASES

We recognise lease contracts under which the risks and rewards of ownership of the asset are not substantially transferred in full to the group as operating leases. Operating lease commitments are recognised in profit or loss on a straight-line basis over the term of their respective lease contracts.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are recognised at fair value. The treatment of the related results depends on the type of hedged position and whether or not hedge accounting is applied to the derivative.

In principle, we apply hedge accounting to all long-term interest rate swaps. In all cases this relates to cash flow hedges. At the inception of the hedge transaction, the relationship between the derivative and the hedged item is recorded, as well as the risk management objective for the hedge position and the general strategy for entering into hedge transactions. At the inception of the hedge and subsequently, we record whether the derivatives involved in the hedge transactions effectively hedge the fluctuations in the cash flows, including the results of the testing. In this way, the criteria for applying hedge accounting are satisfied. To the extent a hedge is effective, changes in the fair value of the derivative are recognised in other comprehensive income, taken directly to equity and presented in the hedging reserve. The potential gain or loss on the ineffective portion of a hedge (i.e. if the hedge relationship is deemed ineffective) is recognised directly in profit or loss as part of the financial result. If a derivative expires or is sold, or if it no longer meets the criteria for hedge accounting, all related accumulated gains or losses that have been taken to equity will be recognised in profit or loss. If we no longer expect an intended transaction to take place, the total related accumulated gains or losses recognised in equity are taken directly to profit or loss.

We do not apply hedge accounting to forward currency contracts. The results on these derivatives are recognised directly in profit or loss as part of the financial result. Derivatives used for hedging long-term positions are presented as non-current assets or non-current liabilities. If a derivative is used for hedging a short-term position, we present the instrument under current assets or current liabilities.

INCOME TAXES

Income taxes comprise current and deferred taxation. The income tax expense is in principle recognised in the income statement. However, income taxes relating to items taken directly to equity are likewise taken directly to equity.

Current tax consists of income taxes on the taxable profit, which is calculated on the basis of tax rates enacted or substantively enacted at the end of the reporting period. In addition, adjustments to prior-year taxation can be included.

We use the liability method when recognising a provision for deferred tax assets and liabilities relating to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes on the one hand and the values for tax purposes on the other, and also when carry-forward tax losses are available. Deferred tax items reflecting temporary differences are calculated using the tax rates ruling at the end of the reporting year or the tax rates applicable for the next year that have already been enacted in law.

Deferred tax assets and liabilities within the same fiscal unit are netted off only if Mediq has an enforceable right to do so and intends to settle them on a net basis. We recognise deferred tax assets, including those relating to tax losses carried forward, if it is probable that future profits will be realised to enable us to utilise the temporary differences. They are valued at the statutory tax rate at the time when realisation is expected to take place. A provision for deferred tax is recognised for temporary differences arising on investments in group companies, where the fair value of the assets and liabilities acquired differs from their carrying amounts.

Deferred tax items are carried at nominal value.

RETIREMENT AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

The group has defined contribution plans as well as defined benefit plans.

Defined contribution plans

Defined contribution plans are post-employment benefit plans for which the group has no legal or constructive obligation to pay further contributions if the pension fund does not hold sufficient assets to pay all employee benefits relating to employee service. Obligations for contributions to defined contribution plans are recognised in profit or loss for the period in which they arise. Under such plans, fixed contributions are paid to a pension fund or insurance company.

Defined benefit plans

If a pension plan does not qualify as a defined contribution plan, it is deemed a defined benefit plan. All obligations under these plans in relation to the current and prior periods are included in the balance sheet. The pension obligations are determined by qualified actuaries using the Projected Unit Credit Method. The present value of an obligation is calculated using a discount rate based on the interest rate on high quality corporate bonds whose terms are comparable to that of the pension obligation. The fair value of the investment portfolio held by the pension fund to cover the pension obligations is deducted from the total value of these obligations. The actuarial valuations are requested at least once a year, and in any event for the year-end values.

A retirement benefit surplus is recognised as an asset if the future contribution to be paid by the company is likely to be lower than the service costs of the plan, or if reductions in contributions and/or payments flow back to the entity in another way.

The actuarial gains and losses on defined benefit plans are recognised in other comprehensive income. The pension charges for defined benefit plans are based on the expected current service costs, the expected interest costs on the benefit obligations and the expected return on the plan assets.

Other employee benefits

Obligations relating to early retirement and future service anniversary payments are determined on the basis of actuarial calculations. The expected costs of these benefits are allocated to the period of service, using the same valuation principles as for the defined benefit plans. Actuarial differences arising from changes in assumptions are taken directly to the income statement.

PROVISIONS

Provisions are defined as constructive or legally enforceable obligations arising as a result of a past event for which it is probable that an outflow of resources will be necessary and management can make a reliable estimate of the size of the obligation. If the impact is material, provisions are carried at the present value of the expected expenditure required to settle the obligation.
We treat the increase in the provision over time as an interest expense and present it under finance income and costs.

TRADE PAYABLES AND OTHER CURRENT LIABILITIES

After their initial recognition at fair value, trade payables and other current liabilities are carried at amortised cost applying the effective interest method.

NET SALES

Income from the supply of goods is recognised when:

- all significant risks and rewards of ownership of the goods are transferred to the buyer;
- the amount of the revenue can be determined reliably and it is probable that the economic benefits associated with the transaction will flow to the company;
- the costs incurred or to be incurred in respect of the transaction can be determined reliably.

Income from the rendering of services is recognised pro rata based on the stage of completion of the services at the balance sheet date compared to the total services to be rendered. Net sales represents the income from the supply of goods and services, after deduction of discounts and the like, taxes levied on revenue, and elimination of intra-group sales.

As a result of recent acquisitions, the presentation for revenue for distribution arrangements was identified as a matter for in depth review and included the analysis of the detailed operational aspects of all contracts. The classification of contracts as gross or net is based on the evaluation of a number of criteria and is a judgemental area. Besides being based on the terms of the contracts it is also based on how the contracts effectively work. In 2011 it was decided to change the reporting for revenue of two large distribution contracts in Sweden, as of the 2011 Annual Results. Net sales figures of 2010 have not been adjusted due to lower materiality.

COST OF SALES

Cost of sales represents the purchase price of trade stocks, including additional costs such as incoming freight, handling and other charges directly attributable to the purchase of the goods, and write-downs of inventories. The purchase price is net of discounts and supplier bonuses.

OTHER INCOME

Profit on investments comprises dividends received by the group, net of applicable taxes, and changes in the market value of investments. Dividends on investments are recognised when the group has acquired the right to receive them. Gains and losses on the sale of subsidiaries are the results arising from the sale of group companies. The gain or loss is the difference between the proceeds and the net carrying amount (including goodwill and cumulative translation differences) at the time of transfer of control. Income from interest-bearing receivables is calculated using the effective interest method.

PERSONNEL COSTS

The long-term remuneration costs represent the rights attributed to the reporting period and future entitlements of members of the Management Board, Executive Vice Presidents and certain senior managers of the group. The expense in respect of rights granted and future entitlements is based on service in the current reporting period and is amortised over the period in which the performance is assessed.

FINANCE INCOME

Finance income comprises the interest received from credit institutions on temporary debit balances. This item also includes exchange differences on foreign currency transactions and changes in the fair value of financial instruments.

FINANCE COSTS

Finance costs represent the interest owed on debts calculated using the effective interest method, the interest portion of the finance lease payments, exchange differences on foreign currency transactions and changes in the fair value of financial instruments.

SHARE OF PROFIT OF ASSOCIATES

Share of profit of associates represents the group's share, calculated pro rata, of the net result of non-consolidated interests and gains and losses on the sale of associates over whose policy the group exercises significant influence, net of the applicable taxes.

EARNINGS PER SHARE

Mediq reports both earnings per share and diluted earnings per share. Earnings per ordinary share are calculated on the basis of the profit or loss attributable to the owners of the Company, divided by the weighted average number of ordinary shares in issue during the reporting period (adjusted for treasury shares held). To calculate earnings per share after dilution, the weighted average number of ordinary shares in issue during the reporting period (adjusted for treasury shares held) is adjusted for all potentially dilutive effects on ordinary shares.

SEGMENT REPORTING

Segment information is provided on the operating segments of the group. An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the group. In line with the management approach, the operating segments are based on the structure of the internal management reporting as provided to the Management Board to facilitate strategic decision-making and to assess performance.

NEW RELEVANT STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

IAS 19, 'Employee benefits' was amended in June 2011. The impact on the group is expected to be limited. In line with the group's accounting policies, all actuarial gains and losses are already recognised in other comprehensive income as they occur. Another amendment is to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability. Based on the expected rate of return on plan assets and discount rate currently applied by the group, this change is also deemed to have a limited impact. The same applies to the immediate recognition of past service costs.

We are currently assessing the consequences of other IFRS standards or IFRIC interpretations that are not yet effective. These changes are expected to have no or only a limited impact on the group.

HOLDING COMPANY INCOME STATEMENT FORMAT

As the 2011 income statement of the holding company is incorporated in the consolidated financial statements, a condensed income statement of Mediq Holding NV is presented in accordance with Section 402 of Part 9, Book 2 of the Dutch Civil Code.

4 CHANGES IN THE COMPOSITION OF MEDIQ

ACQUISITIONS

Mediq completed acquisitions totalling € 157.8 million in 2011, financed from a combination of own funds and credit facilities. Of this total, € 16.8 million related to 95.88% of the shares of the French company NM Médical, a consideration of € 40.0 million was transferred to obtain a 100% share in healthcare supplier PBG in the Netherlands and € 89.6 million was paid for a 100% share in Assist in Germany. The remaining amount of € 11.4 million related to four smaller acquisitions in the direct and institutional channel in the Netherlands, Norway and Sweden, as well as a single pharmacy in the Netherlands.

Acquisition of NM Médical, France

On 30 April 2011 Mediq acquired NM Médical in France. This acquisition made Mediq the leading supplier of medical devices to general practitioners (GPs) in France. Mediq did not previously have any activities in France. The company employs around 81 FTEs. NM Médical supplies a broad range of medical devices to healthcare professionals, mainly GPs but physiotherapists as well. The range encompasses all medical devices required by healthcare professionals, from stethoscopes, diagnostic equipment and sterilisation materials to disinfectants and wound care products. The acquisition gives Mediq a new platform for launching direct activities in France in the future.

In the eight months up to 31 December 2011, the acquired activities contributed € 19.5 million to sales and € 1.0 million to the operating result (excluding amortisation of customer relationships of € 0.6 million). If the acquired activities had been included as from 1 January 2011, the contributions to consolidated sales and the operating result would have been € 29.3 million and € 1.4 million (excluding amortisation of customer relationships) respectively. These estimates are based on the assumption that the valuation of the acquired activities as of 30 April 2011 would be the same if the acquisition had occurred on 1 January 2011.

Acquisition of PBG, the Netherlands

On 1 August 2011 Mediq acquired PBG in the Netherlands. PBG is a supplier of medical devices to diabetics, GPs, obstetricians and other healthcare providers. The acquisition consolidates Mediq's position on the Dutch market. PBG employs a total of 70 people. With its Vermeulen Medical and Mediteq labels, PBG is the leading supplier to GPs and obstetricians. In addition, PBG supplies a wide range of medical disposables and small medical equipment, under the brand name DSN Trade, to pharmacies and wholesalers in the Netherlands as well as abroad and strengthens Mediq's position on the institutional market in the Netherlands.

In the five months up to 31 December 2011 the acquired activities contributed € 28.0 million to sales and € 2.1 million to the operating result (excluding amortisation of customer relationships of € 1.7 million). If the acquired activities had been included as from 1 January 2011, the contributions to consolidated sales and the operating result would have been € 67.2 million and € 5.0 million (excluding amortisation of customer relationships) respectively. These estimates are based on the assumption that the valuation of the acquired activities as of 1 August 2011 would be the same if the acquisition had occurred on 1 January 2011.

Acquisition of Assist, Germany

On 29 December 2011 Mediq acquired Assist, a leading supplier of medical devices in Germany. The company employs around 310 FTEs. Assist covers Germany in supplying medical devices for tube feeding, infusion therapy, ostomy, incontinence and wound and respiratory care to patients at home. This acquisition made Mediq the second player in the German market. Assist fits in with Mediq's strategy to further expand direct activities and substantially reinforces Mediq's German market position in the direct supply of medical devices to patients at home.

We have consolidated Assist as of 29 December 2011. If the acquired activities had been included as from 1 January 2011, the estimated contribution to consolidated sales would have been € 67 million. Given the timing of completion of the acquisition and the fact that, as a consequence, provisional accounting has been applied for Assist, no further disclosures can be provided with regard to the impact of the acquisition on Mediq's full year consolidated operating result (excluding amortisation of customer relationships). Based on the preliminary results of Assist for the period up to 29 December 2011 an additional consideration of between € 3 million and € 5 million is expected to be paid.

Other acquisitions

The other acquisitions related to our direct and institutional activities in the Netherlands (Romedic), Norway (Medicus Plesner), Sweden (part of Mediq24) and our pharmacy activities in the Netherlands (1 single pharmacy). The aggregate acquisition amount for these companies was € 11.4 million. Separately, these acquisitions are not material. The aggregated contributions of these acquisitions in 2011 were € 14.9 million to sales and € 1.7 million to the operating result (excluding amortisation of customer relationships of € 1.1 million). If the acquired activities had been included as of 1 January 2011, their contributions to consolidated sales and to the operating result (excluding amortisation of customer relationships) would have been € 26.5 million and € 2.3 million respectively. These estimates are based on the assumption that the valuation of the acquired activities as of their respective acquisition dates would be the same if the acquisition had occurred on 1 January 2011.

A contingent consideration arrangement applies to one of the aforementioned acquisitions. This arrangement requires Mediq to pay in cash to the former owners an additional undiscounted amount if certain business performance criteria are met. The potential undiscounted amount of all future payments that Mediq could be required to make under this arrangement is not material.

ACQUISITION-RELATED COSTS

Acquisition-related costs (external legal services, due diligence and transfer tax) amounted to a total of € 1.8 million and are reported under other operating expenses (of which € 0.4 million in the segment Direct & Institutional and the remainder in Other).

EFFECT OF ACQUISITIONS ON ASSETS AND LIABILITIES

Identifiable assets acquired and liabilities assumed

The fair values of the acquired assets and liabilities assumed were as follows at the time of acquisition:

X € 1,000

	NOTE	NM MÉDICAL, FRANCE	PBG, THE NETHERLANDS	ASSIST, GERMANY*	OTHER ACQUISITIONS	TOTAL
Property, plant and equipment	15, 16	168	660	11,949	321	13,098
Intangible assets	18	3,445	11,914	2,258	3,635	21,252
Inventories	21	2,009	3,953	7,336	2,027	15,325
(Trade) receivables	22, 23	2,940	7,529	10,134	1,189	21,792
Cash and cash equivalents	24	1,170	808	4,883	222	7,083
Credit institutions		– 204	–	–	–	– 204
Borrowings due within one year	28	–	–	– 2,501	– 374	– 2,875
Deferred tax liabilities	30	– 1,069	– 2,981	– 251	– 903	– 5,204
(Trade) payables	33	– 4,303	– 7,169	– 6,236	– 3,511	– 21,219
Provisions	32	– 195	–	– 1,284	– 642	– 2,121
Net identified assets/liabilities		**3,961**	**14,714**	**26,288**	**1,964**	**46,927**

* Provisional.

In addition to the amount paid for the assets and liabilities identified as part of these acquisitions, we paid an amount for the location, the expertise of the incumbent management and future demographic changes. If such an intangible item is identifiable, it is included in the balance sheet as an intangible asset, subject to three criteria. First, the asset has to be separable or arise from a contractual or other legal right. Second, it has to be likely that the future economic benefits of the intangible asset will accrue to the group. Third, it must be possible to determine the cost of the asset reliably.

The fair value of the customer relationship was determined using a number of variables, the most significant being the expected cash flows attributable to the customer relationship, the customer attrition rate and the discount rate used.

The future cash flows were based on the most recent long-term forecasts from the perspective of the purchased entity before acquisition. The customer attrition rate was based on the historical data collected by the acquired entity, supplemented with empirical data from group companies and generally expected market developments. The discount rate used was our estimate of the weighted average cost of capital for the unit concerned. It is possible that the above assumptions might not hold in the future.

The trade receivables comprise gross contractual receivables of € 18.1 million, with no material amount expected to be uncollectible at the acquisition date.

Goodwill

The goodwill relating to the acquisitions in 2011 is as follows:

X € 1,000	NM MÉDICAL, FRANCE	PBG, THE NETHERLANDS	ASSIST, GERMANY*	OTHER ACQUISITIONS	TOTAL
Total consideration transferred	16,824	40,000	89,601	11,355	157,780
Non-controlling interests	– 163	–	–	–	– 163
Identifiable net assets/liabilities	3,961	14,714	26,288	1,964	46,927
Goodwill	**13,026**	**25,286**	**63,313**	**9,391**	**111,016**

* Provisional.

The value of intangible assets that are not identifiable in the balance sheet, such as location or the quality of the incumbent management, is included in the item goodwill. Goodwill also relates to aspects not directly linked to the acquired business, such as demographic developments, insofar as these are expected to contribute to the realisable cash flow. The carrying amount of the goodwill is not expected to be deductible for tax purposes. Given the timing of the acquisition of Assist no purchase price allocation and valuation of intangibles has been performed. As a result the difference of the consideration transferred and the provisional value of the assets and liabilities was added to the goodwill.

EFFECT OF ACQUISITIONS ON CASH FLOWS

The changes in the composition of Mediq had the following effects on cash flows:

X € 1,000	NM MÉDICAL, FRANCE	PBG, THE NETHERLANDS	ASSIST, GERMANY*	OTHER ACQUISITIONS	TOTAL
Net identified assets/liabilities	3,961	14,714	26,288	1,964	46,927
Non-controlling interests	– 163	–	–	–	– 163
Goodwill on acquisitions	13,026	25,286	63,313	9,391	111,016
Cash and cash equivalents paid	**16,824**	**40,000**	**89,601**	**11,355**	**157,780**
Net funds/(debt) acquired	966	808	2,382	– 152	4,004
Net cash outflow	**15,858**	**39,192**	**87,219**	**11,507**	**153,776**

* Provisional.

CONSOLIDATION OF STICHTING SAMENWERKING APOTHEKERS OPG (SSAO)

The SSAO was founded when the former cooperative OPG was listed on the stock exchange in 1992. The foundation's purpose was to support projects in the field of pharmaceutical care to enhance its quality and effectiveness. Following consultation between the SSAO, Mediq and the tax authorities regarding the donations by the SSAO, it was decided to transfer the remaining assets and liabilities to Mediq and to liquidate the SSAO.

Mediq has consolidated the SSAO as of 28 July. The General Meeting of Shareholders will be asked on 11 April 2012 to approve the cancellation of the 3,535,215 Mediq shares formerly owned by SSAO. This will reduce the number of Mediq shares outstanding by 5.87%. The consolidation had a limited one-off effect on Mediq's equity (– € 9.7 million) and cash flow (– € 5.6 million). Mediq's future results will not be affected, but the consolidation has a positive effect on earnings per share.

CHANGES IN PHARMACY CHAINS

The number of pharmacies in our pharmacy chain in the Netherlands increased to 226 in 2011 (2010: 225). Of these, eight pharmacies are not included in the consolidation as we do not have control (2010: 8). During the financial year one pharmacy was acquired, two smaller pharmacies were closed and two new pharmacies were established. In 2011 Mediq reduced its interest in a single pharmacy in the segment Pharmacies Netherlands. The transaction did not result in a loss of control. The impact on equity attributable to the owners of the Company is negligible.

In Poland two underperforming pharmacies were closed. This brought the total number of pharmacies at year-end to 197 (2010: 199).

ACQUISITIONS AND DISPOSALS IN PRECEDING FINANCIAL YEAR

Mediq completed acquisitions totalling € 96.3 million in 2010. On 31 May 2010 Mediq acquired the healthcare activities of Oriola-KD in the Nordics and the Baltics for an amount of € 85.4 million. The other acquisitions related to our direct activities in the Netherlands (Medisource), Denmark (Opco A/S), and Germany (Krämer Medizintechnik) and our pharmacy activities in Poland (Corda) and the Netherlands (5 individual pharmacies). The aggregate acquisition amount for these companies was € 10.9 million.

The acquisitions in 2010 had the following effects on the assets and liabilities of Mediq at the time of acquisition:

X € 1,000	HEALTHCARE ACTIVITIES ORIOLA-KD	OTHER ACQUISITIONS	TOTAL
Property, plant and equipment	3,992	949	4,941
Intangible assets	11,891	1,151	13,042
Deferred taxation	–	7	7
Inventories	17,047	1,257	18,304
(Trade) receivables	20,127	1,856	21,983
Cash and cash equivalents	6,073	– 166	5,907
Deferred tax liabilities	– 3,065	– 253	– 3,318
(Trade) payables	– 25,860	– 2,906	– 28,766
Provisions	– 378	–	– 378
Net identified assets/liabilities	**29,827**	**1,895**	**31,722**
Goodwill on acquisitions	55,611	8,987	64,598
Cash and cash equivalents paid	**85,438**	**10,882**	**96,320**
Cash and cash equivalents acquired	– 6,073	166	– 5,907
Net cash outflow	**79,365**	**11,048**	**90,413**

No disposals took place in 2010.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

5 SEGMENT REPORTING

The group has three reportable segments that jointly form the group's strategic divisions: Direct & Institutional, Pharmacies Netherlands and Pharmacies Poland. These operational segments generate revenues from the sale of pharmaceuticals, medical devices and related services to patients at home or to hospitals and nursing homes (Direct & Institutional) and the sale of pharmaceuticals and medical devices via pharmacies and wholesalers (Pharmacies Netherlands and Pharmacies Poland).

Direct & Institutional is treated as a single operating segment on the basis of the structure of the management information and the nature of its activities. Medical devices, pharmaceuticals and related services are delivered via both the direct and institutional channels. Purchasing is largely performed centrally and the other processes are likewise largely similar. The institutional channel provides support to the direct channel, with the institutional channel ensuring the substantial critical purchasing mass required to pursue a private label strategy. Lastly, the regulations for products and processes for direct and institutional activities are largely similar within the various countries.

Information on sales and assets is provided for each material geographical area. This is done on the basis of the location of the group company in line with reporting in prior years. The customers of our group companies are predominantly established in the country where the group company concerned is also established.

The activities of the holding company are group-wide activities including finance, human resource management, marketing and purchasing of non-trading goods. Costs incurred at a group level for business units have wherever possible been allocated to the business units concerned. The results of these activities are reported separately to the Management Board and are presented in the segment summary in the column 'Holding company and eliminations'.

A summary of the results of the reportable segments is provided below. The Management Board assesses the performance of the operating segments on the basis of the EBITA. The accounting policies applied by the operating segments are identical to those of the group. The EBITA per segment includes the costs allocated at the group level.

Amortisation of customer relationships, finance income and costs, share of profit of associates and taxes are not included in the EBITA per segment. Net finance income and costs and the share of profit of associates are however assessed for each operating segment.

Transactions between segments are at arm's length.

X € 1,000,000

	DIRECT & INSTITUTIONAL		PHARMACIES NETHERLANDS		PHARMACIES POLAND	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Net sales, third parties	1,112.3	1,028.3	1,041.1	1,080.3	504.4	525.3
Net sales, intercompany	12.0	12.3	1.7	0.9	0.9	0.0
Total net sales	**1,124.3**	**1,040.6**	**1,042.8**	**1,081.2**	**505.3**	**525.3**
Cost of sales plus operating expenses and other income	– 1,034.6	– 954.5	– 1,017.0	– 1,054.2	– 504.3	– 524.9
Operating result	**89.7**	**86.1**	**25.8**	**27.0**	**1.0**	**0.4**
EBITA from ordinary activities	**102.4**	**94.1**	**25.8**	**25.0**	**1.0**	**2.0**
Total assets	915.2	694.6	574.4	485.1	188.6	214.3
Total liabilities	663.0	488.4	583.6	541.9	77.7	140.3
Total investments in associates	–	–	7.3	7.0	–	–
Acquisitions	152.3	85.1	1.5	1.5	–	3.8
Additions to non-current assets	11.5	7.2	10.4	10.4	1.1	1.9
Amortisation	15.1	8.6	1.8	2.5	0.3	0.4
Depreciation	4.5	5.0	11.7	11.2	2.3	2.4
Impairment of non-current assets	–	–	–	1.3	–	2.2
EBITA margin from ordinary activities	9.1%	9.0%	2.5%	2.3%	0.2%	0.4%
Capital employed	439.3	302.5	295.5	296.2	103.1	121.4
Return on average capital employed	26.9%	31.4%	8.4%	8.2%	0.9%	0.3%
Average working capital as percentage of sales	3.6%	3.0%	9.6%	9.1%	9.7%	8.8%

The group is active in fifteen different countries. The activities in Norway, Sweden, Finland, Denmark, Estonia, Latvia and Lithuania are combined in 'Nordics & Baltics' in the summary below. Germany, Hungary, Switzerland, France and Belgium are included in 'Other countries'.

X € 1,000,000

	NETHERLANDS		POLAND		NORDICS & BALTICS	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Net sales	1,640.7	1,639.2	505.3	525.3	294.7	272.3
Capital employed	386.9	347.4	103.1	121.4	152.7	144.3
Total assets	561.0	532.8	188.6	214.3	327.5	231.9
Acquisitions	46.0	4.0	0.0	3.8	4.7	82.1
Additions to non-current assets	14.1	14.6	1.1	1.9	5.9	2.8

	TOTAL OPERATING SEGMENTS		HOLDING COMPANY & ELIMINATIONS		CONSOLIDATED	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
	2,657.7	2,633.9	–	–	2,657.7	2,633.9
	14.8	13.2	– 14.8	– 13.2	–	–
	2,672.5	**2,647,1**	**– 14.8**	**– 13.2**	**2,657.7**	**2,633.9**
	– 2,556.0	– 2,533.6	9.4	14.2	– 2,546.6	– 2,519.4
	116.5	**113.5**	**– 5.4**	**1.0**	**111.1**	**114.5**
	129.2	**121.2**	**– 4.5**	**– 4.3**	**124.7**	**116.9**
	1,678.2	1,394.0	– 302.0	– 198.2	1,376.2	1,195.8
	1,324.2	1,170.6	– 504.7	– 485.0	819.5	685.6
	7.3	7.0	0.3	0.2	7.6	7.2
	153.8	90.4	–	–	153.8	90.4
	23.0	19.5	0.2	1.1	23.2	20.6
	17.2	11.5	0.1	1.3	17.3	12.8
	18.5	18.6	2.2	0.8	20.7	19.4
	–	3.5	–	–	–	3.5
	–	–	–	–	4.7%	4.4%
	837.9	720.1	36.4	20.9	874.3	741.0
	–	–	–	–	14.1%	15.4%
	–	–	–	–	7.7%	6.7%

	USA		OTHER		CONSOLIDATED	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
	123.9	124.8	93.1	72.3	2,657.7	2,633.9
	99.7	98.7	131.9	29.2	874.3	741.0
	116.2	123.6	182.9	93.2	1,376.2	1,195.8
	–	–	103.1	0.5	153.8	90.4
	1.7	1.1	0.4	0.2	23.2	20.6

6 OTHER INCOME

x € 1,000	2011	2010
Provision of information	1,545	2,100
Services	1,308	1,553
Contribution from Stichting Samenwerkende Apothekers OPG	1,084	–
Income from overdue payments by customers	810	861
Interest on loans receivable	396	836
Book gain on sale of group companies	178	460
Book gain on sale of assets	118	4,668
Profit on investments	–	1,829
Investment dividend	–	739
Grants	–	116
Miscellaneous income	448	1,002
Total	**5,887**	**14,164**

The objective of Stichting Samenwerking Apothekers OPG (SSAO) is to support professional or commercial pharmaceutical projects in the Netherlands and as such it makes donations to several projects. Mediq is beneficiary in some of these and received a total of € 1.1 million in the first half year of 2011, prior to the consolidation of the SSAO.

The interest on loans receivable relates to loans issued that are classified as financial assets.

In 2010, the gain on sale of assets comprised the sale of pharmacy properties in the Netherlands and the sale of properties in Belgium. The profits on investments and dividends were related to the 6.29% interest in Andreae-Noris Zahn (Anzag). This interest was sold in December 2010.

7 PERSONNEL COSTS

x € 1,000	2011	2010
Wages and salaries	219,319	207,182
Social security charges	31,528	28,601
Cost of temporary staff	26,542	18,762
Charges for defined contribution plans	10,078	9,098
Charges for defined benefit plans	10,221	10,050
Long-term remuneration	645	1,302
Other personnel costs	20,311	19,187
Total	**318,644**	**294,182**

Long-term remuneration for 2011 relates to rights granted and future entitlements of the members of the Management Board, Executive Vice Presidents and certain senior managers of the group. This comprises unconditional remuneration and an estimate of long-term remuneration payable over a period of three years.

The remuneration of the Management Board and the Supervisory Board is disclosed in the note on related parties (see note 38).

NUMBER OF EMPLOYEES

IN FTEs	YEAR-END		AVERAGE	
	2011	**2010**	**2011**	**2010**
Direct & Institutional	2,751	2,187	2,375	1,943
Pharmacies Netherlands	2,599	2,518	2,567	2,547
Pharmacies Poland	2,401	2,428	2,426	2,533
Other	52	51	51	52
Total	**7,803**	**7,184**	**7,419**	**7,075**

8 DEPRECIATION AND AMORTISATION

X € 1,000	2011	2010
Property, plant and equipment	20,649	19,404
Intangible assets	17,257	12,825
Investment property	32	38
Total	**37,938**	**32,267**

The amortisation of € 12.8 million of customer relationships is included in the amortisation of intangible assets (2010: € 8.0 million).

9 IMPAIRMENT OF NON-CURRENT ASSETS

X € 1,000	2011	2010
Goodwill impairment for Pharmacies Poland	–	2,219
Write-down of Pharmacies Netherlands investment property	–	540
Write-down of Pharmacies Netherlands intangible assets	–	788
Total	**–**	**3,547**

No goodwill impairment charges were recognised in 2011 (2010: € 2.2 million). The impairment in 2010 related entirely to goodwill for the segment Pharmacies Poland.

There were no other write-downs in 2011 (2010: € 1.3 million). In 2010, the fair value of some land and buildings was determined to be lower than their carrying amount. The write-down of intangible assets applied to software in development. Both write-downs related to the segment Pharmacies Netherlands.

10 OTHER OPERATING EXPENSES

x € 1,000	2011	2010
Selling expenses	75,027	59,526
Accommodation costs	48,873	44,946
Costs of licences and minor purchases	21,075	21,775
General expenses	38,381	34,020
Total	**183,356**	**160,267**

11 FINANCE INCOME AND COSTS

x € 1,000	2011	2010
Finance costs		
Interest expense on borrowings measured at amortised cost and related derivatives	– 12,440	– 13,109
Change in fair value of financial instruments	– 30	– 1,353
Exchange differences on foreign currency transactions	– 269	–
Other finance costs	–	– 269
Subtotal	**– 12,739**	**– 14,731**
Finance income		
Interest income on bank loans and current accounts	758	476
Change in fair value of financial instruments	510	–
Exchange differences on foreign currency transactions	143	793
Subtotal	**1,411**	**1,269**
Total finance income and costs	**– 11,328**	**– 13,462**

Fair value changes in financial instruments also include exchange gains or losses on the US dollar borrowings from institutional investors as well as the related currency component in the combined currency and interest rate swaps.

12 SHARE OF PROFIT OF ASSOCIATES

x € 1,000	2011	2010
Share of profit of associates among Dutch pharmacies	984	1,207
Share of profit of other associates	–	– 108
Total	**984**	**1,099**

13 INCOME TAX EXPENSE

X € 1,000	2011	2010
Current tax		
Current tax due for current financial year	22,546	19,411
Tax on prior year results	297	– 2,362
	22,843	**17,049**
Deferred tax		
Recognition and reversal of temporary differences	2,712	7,542
Income from changes in tax loss carry-forward positions	– 574	– 1,120
Reduction in tax rate	39	361
	2,177	**6,765**
Total	**25,020**	**23,814**

In the table below, we show the reconciliation between the average nominal and effective corporate income tax rates for the group, together with the corresponding amounts. This is based on the profit before income tax.

X € 1,000	RATES		AMOUNT	
	2011	2010	2011	2010
Weighted average corporate income tax rate	25.0%	25.8%	25,167	26,369
Effects of:				
• participation exemption	– 1.5%	– 2.1%	– 1,558	– 2,110
• partly deductible costs	1.1%	1.2%	1,073	1,225
• tax-exempt income	– 0.3%	– 0.5%	– 327	– 556
• tax on prior year results	0.3%	– 2.3%	297	– 2,362
• goodwill impairment	–	0.4%	–	422
• reduction in tax rate	0.0%	0.4%	39	361
• losses not capitalised	0.0%	0.2%	– 10	162
• other	0.2%	0.2%	339	303
Effective tax rate	**24.8%**	**23.3%**		
Total			**25,020**	**23,814**

The participation exemption results from tax-exempt income relating to participations. Partly deductible costs relate to recurring non-deductible costs and acquisition costs incurred.

The amount of deferred taxes included in the income statement consists of the following items:

X € 1,000	2011	2010
Property, plant and equipment	1,329	1,166
Intangible assets	– 3,929	– 1,549
Goodwill	3,446	7,419
Financial assets	– 14	– 26
Trade receivables	687	– 354
Inventories	261	– 306
Tax losses	574	1,120
Other assets	37	84
Retirement and other employee benefits	434	159
Provisions	248	– 32
Other liabilities	– 896	– 916
Total	**2,177**	**6,765**

14 NET EARNINGS PER SHARE

X € 1,000	2011	2010
Net earnings per share		
Result for the year attributable to owners of the Company	73,415	76,662
Average number of shares	58,464	59,194
Net earnings per share (basic) (X € 1)	**1.26**	**1.30**
Diluted net earnings per share		
Result for the year attributable to owners of the Company	73,415	76,662
Average number of shares	58,464	59,194
Diluted net earnings per share (X € 1)	**1.26**	**1.30**

Net earnings per share are calculated by dividing the company's net result by the average number of shares in issue during the year excluding shares purchased by the company and held as treasury shares. Mediq acquired 3.5 million shares in its own capital through the consolidation of Stichting Samenwerking Apothekers OPG as of 28 July 2011. The shares are held as treasury shares (note 26).

The average number of shares in 2011, excluding the shares held as treasury shares, was 58,464,455. Net earnings per share in 2011 were € 1.26 (2010: € 1.30). There was no dilution of earnings per share in 2011.

NOTES TO THE CONSOLIDATED BALANCE SHEET

15 PROPERTY, PLANT AND EQUIPMENT

X € 1,000					2010
	LAND AND BUILDINGS	PLANT AND EQUIPMENT	OTHER	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL PROPERTY, PLANT AND EQUIPMENT
Cost	115,747	28,322	80,487	1,713	226,269
Accumulated depreciation	– 35,321	– 18,344	– 48,701	–	– 102,366
Carrying amount at 1 January 2010	**80,426**	**9,978**	**31,786**	**1,713**	**123,903**
Acquisitions	591	3,738	585	27	4,941
Additions	2,866	4,228	6,208	3,044	16,346
Disposals	– 15,114	– 849	– 139	– 171	– 16,273
Depreciation	– 6,505	– 3,778	– 9,123	–	– 19,406
Impairment	– 415	–	–	–	– 415
Foreign currency translation effects	193	145	439	7	784
Reclassified to non-current assets held for sale	– 9	–	–	–	– 9
Other reclassifications	– 68	– 16	– 544	580	– 47
Assets taken into use	–	1,774	1,242	– 3,016	–
Carrying amount at 31 December 2010	**61,965**	**15,220**	**30,454**	**2,184**	**109,824**
Cost	98,742	35,626	79,437	2,184	215,994
Accumulated depreciation	– 36,777	– 20,406	– 48,983	–	– 106,170
Carrying amount at 31 December 2010	**61,965**	**15,220**	**30,454**	**2,184**	**109,824**

X € 1,000					2011
	LAND AND BUILDINGS	PLANT AND EQUIPMENT	OTHER	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL PROPERTY, PLANT AND EQUIPMENT
Cost	98,742	35,626	79,437	2,184	215,994
Accumulated depreciation	– 36,777	– 20,406	– 48,983	–	– 106,170
Carrying amount at 1 January 2011	**61,965**	**15,220**	**30,454**	**2,184**	**109,824**
Acquisitions	10,626	489	1,857	126	13,098
Additions	2,543	4,517	5,460	5,900	18,420
Disposals	– 3,118	– 809	– 552	– 62	– 4,542
Depreciation	– 5,645	– 4,656	– 10,348	–	– 20,649
Foreign currency translation effects	– 630	– 212	– 817	– 33	– 1,692
Other reclassifications	406	94	154	– 612	42
Assets taken into use	177	2,611	3,248	– 6,036	–
Carrying amount at 31 December 2011	**66,324**	**17,254**	**29,456**	**1,467**	**114,501**
Cost	111,132	42,914	85,703	1,467	241,216
Accumulated depreciation	– 44,808	– 25,660	– 56,247	–	– 126,715
Carrying amount at 31 December 2011	**66,324**	**17,254**	**29,456**	**1,467**	**114,501**

The depreciation rates applied are as follows:

Land	0%
Buildings	3% – 10%
Plant and equipment	10% – 33%
Other operating assets	10% – 33%

The fair value of land and buildings is € 81.7 million (2010: € 77.9 million, including the value of non-current assets held for sale). The fair value of land and buildings as part of the acquisition of Assist in Germany is kept equal to the provisional opening balance sheet as at 29 December 2011.

The fair value of other property, plant and equipment does not differ materially from the carrying amount.

The carrying amount of assets under finance leases is € 0.6 million (2010: € 0.9 million). These assets are virtually all classified under plant and equipment.

As in the previous financial year, no property has been pledged as security. The total commitment for the purchase of property, plant and equipment amounts to € 0.5 million (2010: € 0.3 million).

16 INVESTMENT PROPERTY

x € 1,000	2011	2010
Cost	2,452	2,682
Accumulated depreciation	– 656	– 524
Carrying amount at 1 January	**1,796**	**2,158**
Disposals	–	– 199
Depreciation	– 32	– 38
Impairment	–	– 125
Carrying amount at 31 December	**1,764**	**1,796**
Cost	2,452	2,452
Accumulated depreciation	– 688	– 656
Carrying amount at 31 December	**1,764**	**1,796**

Investment property is depreciated on a straight-line basis. The depreciation rates applied for investment property are 3% – 10%.

The fair value of investment property was € 1.8 million at 31 December 2011 (2010: € 1.8 million).

The rental income and operating costs for property investments are not material.

17 GOODWILL

x € 1,000	2011	2010
Cost	566,394	493,153
Accumulated impairments	– 201,865	– 199,597
Carrying amount at 1 January	**364,529**	**293,556**
Acquisitions	111,016	64,598
Reduction of interest in pharmacies	– 617	–
Impairment	–	– 2,219
Foreign currency translation effects	– 2,618	8,594
Carrying amount at 31 December	**472,310**	**364,529**
Cost	673,834	566,394
Accumulated impairments	– 201,524	– 201,865
Carrying amount at 31 December	**472,310**	**364,529**

The acquisitions in 2011 relate mainly to the segment Direct & Institutional. The sale of group companies relates to the reduction of Mediq's interest in a single pharmacy in the segment Pharmacies Netherlands. The corresponding goodwill has been derecognised. Foreign exchange effects were largely caused by the strong depreciation of the Polish zloty, partly off-set by the appreciation of the US dollar. In 2010, an impairment charge was recognised in the segment Pharmacies Poland.

Goodwill is specified in the table below by operating segment:

x € 1,000	DIRECT & INSTITUTIONAL	PHARMACIES NETHERLANDS	PHARMACIES POLAND	TOTAL
Netherlands	52,327	112,619	–	164,946
USA	77,577	–	–	77,577
Poland	–	–	41,950	41,950
Nordics & Baltics	96,821	–	–	96,821
Other countries	91,016	–	–	91,016
Total	**317,741**	**112,619**	**41,950**	**472,310**

For impairment tests, the determining factor is the level where, from a strategic and operational perspective, the management activities are carried out. In line with this approach, a chain of pharmacies, as opposed to the individual pharmacies, is treated as a single unit for the purpose of impairment testing.

ASSUMPTIONS

The framework for tests of impairment comprises the existing activities excluding results on future acquisitions and/or disposals. In addition, we assume an increase in market volume (due to population ageing and rising consumption) and take into account the growing market pressure on prices, government-induced or otherwise. This basis is valid in the long term for our activities in all countries where we operate.

In all the impairment tests performed, value in use is determined by calculating the present value of expected future cash flows. The expected cash flows for each of the next five years are calculated separately. In general the 2012 budget is the starting point for the coming year. The cash flows for subsequent years are based on the latest strategic and financial long-term plans, taking into account the assessments of the responsible management. The cash flow for the sixth and subsequent years is assumed to be equal to that of the fifth. In our opinion, this leads to the best possible estimates of future developments at the present time.

The tests are carried out in the local currency. The discount rate is based on the weighted average cost of capital before tax that is relevant to the assets of the unit. The applicable interest rate per country is taken into account for that purpose. In determining the discount rate, no account is taken of market risks per country, because the specific market risks (caused for instance by countries, regulatory risks, prices etc.) are included in the determination of expected future cash flows.

The operating result is a major determinant of future cash flows. The operating margin varies between 1.7% and 4.7% for the impairment tests carried out for the pharmacy chains. Average expected sales growth for our pharmacies ranges between 2.0% and 3.5%.

The other main assumptions in the calculations are as follows:

	WEIGHTED AVERAGE COST OF CAPITAL BEFORE INCOME TAX	EXPECTED ANNUAL LONG-TERM INFLATION	EXPECTED SALES GROWTH 2012-2016
Netherlands	10.4%	1.9% – 2.0%	2.0% – 8.0%
USA	11.1%	2.5%	7.0%
Poland	13.0%	3.5%	3.5%
Nordics & Baltics	10.0% – 11.3%	2.0% – 2.1%	1.0% – 5.0%
Other countries	8.3% – 15.4%	0.7% – 3.0%	4.0% – 5.0%

The impairment testing 2011 did not result in impairments. Impairment testing in 2010 led to an impairment in the segment Pharmacies Poland. A goodwill impairment of € 2.2 million was recognised, prompted by revised assessments of sales developments for the pre-wholesale activities.

SENSITIVITY TO CHANGES IN ASSUMPTIONS

An impairment test of goodwill is carried out at least once a year or when required because of changed circumstances. Any test of impairment inevitably involves factors that have to be estimated. The realisable value is influenced by factors such as our prognosis for future economic conditions and expectations regarding market developments and operations. The estimates made for these factors may change over time, which could lead to an impairment recognised in profit or loss. The realisable value also depends on the discount rate used, which is our estimate of the weighted average cost of capital for the unit concerned.

It is inherent in the method of computation used that a change in the assumptions may lead to a different conclusion on the impairment required. If the discount rate is assumed to be 1 percentage point higher than assumed in the individual impairment tests, no impairment would have been required. The individual impairment tests performed would not indicate any impairment if the actual future cash flows were set 10% lower than estimated. Additionally a decrease of 1 percentage point in the gross margin in the individual impairment tests would not result in an impairment, except for Pharmacies Netherlands. For the relevant group of cash generating units of Pharmacies Netherlands a decrease in the gross margin of more than 0.6 percentage point would lead to an impairment.

18 OTHER INTANGIBLE ASSETS

X € 1,000				2010
	SOFTWARE AND WEBSITES	SOFTWARE AND WEBSITES UNDER CON-STRUCTION	CUSTOMER RELATION-SHIPS	TOTAL
Cost	23,409	3,471	36,343	63,223
Accumulated amortisation	– 14,466	–	– 14,174	– 28,640
Carrying amount at 1 January 2010	**8,943**	**3,471**	**22,169**	**34,583**
Acquisitions	115	–	12,927	13,042
Additions	1,868	1,930	475	4,273
Disposals	– 32	–	–	– 32
Amortisation	– 4,787	–	– 8,038	– 12,825
Impairment	–	– 788	–	– 788
Foreign currency translation effect	98	22	1,119	1,239
Reclassifications	626	– 579	–	47
Assets taken into use	3,239	– 3,239	–	–
Carrying amount at 31 December 2010	**10,070**	**817**	**28,652**	**39,539**
Cost	29,647	817	51,257	81,721
Accumulated amortisation	– 19,577	–	– 22,605	– 42,182
Carrying amount at 31 December 2010	**10,070**	**817**	**28,652**	**39,539**

X € 1,000				2011
	SOFTWARE AND WEBSITES	SOFTWARE AND WEBSITES UNDER CON-STRUCTION	CUSTOMER RELATION-SHIPS	TOTAL
Cost	29,647	817	51,257	81,721
Accumulated amortisation	– 19,577	–	– 22,605	– 42,182
Carrying amount at 1 January 2011	**10,070**	**817**	**28,652**	**39,539**
Acquisitions	506	1,843	18,903	21,252
Additions	2,754	2,007	14	4,775
Disposals	– 3	–	–	– 3
Amortisation	– 4,500	–	– 12,757	– 17,257
Foreign currency translation effect	– 116	2	188	74
Reclassifications	369	–	– 411	– 42
Assets taken into use	1,971	– 1,971	–	–
Carrying amount at 31 December 2011	**11,051**	**2,698**	**34,589**	**48,338**
Cost	35,436	2,698	70,267	108,401
Accumulated amortisation	– 24,385	–	– 35,678	– 60,063
Carrying amount at 31 December 2011	**11,051**	**2,698**	**34,589**	**48,338**

The item software and websites comprises intangible assets with a limited useful life. They are amortised between 20% and 33% per annum.

The item customer relationships comprises intangible assets with a limited useful life. The value of a customer relationship is mainly determined by logistics performance, products supplied and service provided and accessibility via internet and telephone. These factors jointly determine customers' assessment of the entities concerned and what motivates them to remain a customer. The amortisation rate is between 12.5% and 100.0%.

As in the previous year, no intangible assets have been pledged as security for liabilities. There were no impairments in 2011. In 2010 an impairment was recognised for the item software and websites under construction.

19 INVESTMENTS IN ASSOCIATES

X € 1,000			
Balance at 1 January 2010	7,192		
Acquisitions	140		
Share of profit of associates	1,099		
Carrying amount of disposals	– 41		
Dividends received	– 1,181		
Other	– 5		
Balance at 31 December 2010	**7,204**		
Acquisitions	112		
Share of profit of associates	984		
Carrying amount of disposals	– 104		
Dividends received	– 584		
Other	1		
Balance at 31 December 2011	**7,613**		

Associates at 31 December 2011 includes an amount of € 3.9 million of goodwill (2010: € 3.9 million).

The principal associates of the group are shown below. None of them are listed companies.

		2011		2010
NAME	LOCATION	% SHARE HOLDING		% SHARE HOLDING
Apotheek Heer	Maastricht	49%		49%
Apothekengroep Noord-Holland	Noord-Holland	50%		50%
Apotheek Axel	Axel	50%		50%
Apotheek Willekens	Vught	50%		50%
Apotheek Binnendijk	Nijmegen	49%		49%
Apotheek de Eendracht	Klundert	50%		50%
Politheek Lievensberg	Bergen op Zoom	50%		50%

The size of the individual associates is immaterial.

The aggregate figures of the principle associates are shown below, broken down into total assets and liabilities (excluding goodwill) and the most important items in the income statement.

X € 1,000	2011		2010
Assets	9,253		9,241
Liabilities	5,716		5,359
Sales	25,400		25,254
Net result	1,919		1,494

20 RECEIVABLES

X € 1,000	LOANS TO CUSTOMERS	CUSTOMER SUPPLY COMMITMENTS	OTHER RECEIVABLES	TOTAL
Balance at 1 January 2010	5,500	240	102	5,842
Loans granted	735	–	–	735
Acquisitions	–	–	7	7
Repayments	– 2,244	– 326	– 4	– 2,574
Deducted for doubtful debts	466	–	–	466
Fair value changes	–	16	–	16
Reclassification to current	– 557	110	– 37	– 484
Foreign currency translation effect	15	–	27	42
Balance at 31 December 2010	**3,915**	**40**	**95**	**4,050**
Loans granted	256	–	3	259
Repayments	– 1,860	– 225	– 19	– 2,105
Deducted for doubtful debts	148	–	–	148
Fair value changes	–	3	–	3
Reclassification to current	354	186	–	540
Foreign currency translation effect	– 33	–	–	– 33
Balance at 31 December 2011	**2,780**	**4**	**78**	**2,862**

The receivables are non-current financial assets carried at amortised cost. The current portion of loans to customers is € 2.1 million (2010: € 3.6 million) and is included in current assets.

Loans granted to customers have an average term of 3.1 years (2010: 3.2 years), relate mainly to loans issued in the Netherlands, and carry interest at an average rate of 5.8% (2010: 5.9%). The fair value of loans granted to customers approximates their carrying amount.

The item loans granted to customers includes an amount of € 0.2 million (2010: € 0.4 million) for loan default. There are no loans to customers for which repayment is partly past due and which have not been provided for. The borrowers have provided security for the large majority of the loans to customers. The fair value of this security cannot be estimated with sufficient reliability.

The customer supply commitments have an average term of 1.2 years (2010: 1.5 years). Supply commitments represent future purchase discounts paid in advance to pharmacies in exchange for a commitment by the pharmacies to make purchases during the agreed period. We recognise settlements of these supply commitments as discounts granted. No provision for doubtful debts was recognised for this either in 2011 or in 2010. The fair value of the supply commitments is in line with the carrying amount. No security has been provided by the debtors.

There is no concentration of credit risks relating to loans and customer supply commitments, as the number of debtors is large. See note 37 for further details.

CONDITIONS AND REPAYMENT TERMS

X € 1,000	TOTAL	< 1 YEAR	NON-CURRENT RECEIVABLES	1 - 2 YEARS	2 - 5 YEARS	MORE THAN 5 YEARS
Loans to customers	5,138	2,148	2,990	752	1,973	265
Customer supply commitments	33	29	4	4	–	–
Other receivables	78	–	78	78	–	–
	5,249	**2,177**	**3,072**	**834**	**1,973**	**265**
Provision for doubtful debts	– 487	– 277	– 210			
Total	**4,762**	**1,900**	**2,862**			

21 INVENTORIES

X € 1,000	31.12.2011	31.12.2010
Finished products	249,741	242,485
Less: provision for obsolescence	8,040	10,676
Total	**241,701**	**231,809**

We carry a very limited portion of the inventories at realisable value, which is lower than the weighted average cost. The realisable value of this portion of inventories is € 8.0 million (2010: € 10.7 million) lower than the weighed average cost. In 2011, a release of € 2.8 million (2010: charge of € 2.8 million) was recognised in the income statement for the write-down of inventories and the reversal of inventory write-downs of prior years.

The inventories are not pledged as security for liabilities.

The cost of the inventories included in the income statement under cost of sales amounted to € 2,012.6 million (2010: € 2,043.3 million).

22 TRADE RECEIVABLES

X € 1,000	31.12.2011	31.12.2010
Trade receivables	354,327	308,511
Less: provision for doubtful debts	10,107	11,106
Total	**344,220**	**297,405**

The provision for doubtful debts provides a good reflection of the risk of uncollectibility at the balance sheet date. Accordingly, the carrying amount of the trade receivables is approximately equal to their fair value. The provision has been recognised at nominal value, given its current nature.

BREAKDOWN OF TRADE RECEIVABLES BY AGE

x € 1,000	31.12.2011	31.12.2010
Not overdue	294,884	257,221
Past due < 30 days	36,491	30,479
Past due > 30 < 60 days	6,476	4,867
Past due > 60 < 90 days	4,253	3,620
Past due > 90 days	12,223	12,324
Provision for doubtful debts	– 10,107	– 11,106
Total	**344,220**	**297,405**

The working capital tied up in trade receivables is expressed in terms of days by means of DSO (Days of Sales Outstanding). The average DSO for 2011, measured on the basis of a 13-point average, was 37.2 days (2010: 36.8 days).

At the balance sheet date, € 59.4 million (2010: € 51.3 million) of trade receivables was not settled on the contractually agreed due date. The provision for doubtful debts relates entirely to trade receivables past the contractually agreed due date for payment. Items that are considered doubtful have been fully provided for. Estimates and assumptions are applied to determine the size of the provision. Those estimates and assumptions are based on age analysis and specific developments in terms of market conditions and credit risks. In the judgement of Mediq, the credit quality for receivables past due at the balance sheet date but not provided for is sufficient.

Of the receivables more than 90 days past due, € 0.9 million (2010: € 0.8 million) relates to cash to be collected on behalf of third parties. Due to the nature of the agreement, no risk is incurred on the collection of these receivables.

PROVISION FOR DOUBTFUL DEBTS

x € 1,000	2011	2010
Balance at 1 January	11,106	14,117
Acquisitions	530	15
Addition	5,920	5,851
Use	– 5,655	– 7,115
Release	– 1,705	– 2,046
Foreign currency translation effects	– 220	391
Other movements	131	– 107
Balance at 31 December	**10,107**	**11,106**

In the 2011 financial year, a net amount of € 4.2 million was charged to profit or loss (2010: € 3.8 million).

See note 37 for further details on credit concentration and credit risks.

23 OTHER RECEIVABLES

X € 1,000	31.12.2011	31.12.2010
Prepayments	22,140	16,783
Bonuses and discounts receivable	5,977	3,798
Loans to customers (current portion of long-term loans)	1,871	3,324
Other taxes and social security charges	1,992	1,347
Outstanding settlements of acquisitions and disposals	1,589	645
Customer supply commitments (current portion of long-term loans)	29	215
Contributions to be received from Stichting Samenwerking Apothekers OPG (SSAO)	–	3,101
Other	4,027	3,181
Total	**37,625**	**32,394**

The fair value of the other receivables is equal to their carrying amount, owing to their short-term nature. The current portion of non-current loans to customers includes an amount of € 0.3 million as a provision for doubtful debts.

Outstanding settlements of acquisitions and disposals relates mainly to the acquisition of PBG and the disposal of our Belgian activities.

24 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists mainly of current accounts held at banks and time deposits with short maturities. All the balances are at the free disposal of the group.

25 NON-CURRENT ASSETS HELD FOR SALE

The company held no non-current assets for sale at 31 December 2011. The land and buildings from our former distribution centre in Germany, which were put up for sale as at the end of 2010, were sold in December 2011.

26 SHARE CAPITAL AND SHARE PREMIUM

See the consolidated statement of changes in equity for information on the composition, amount and changes of equity.

Details of the share capital and share premium are set out below. Information on other elements of equity (reserves) is set out in note 27.

X € 1,000	NUMBER OF SHARES IN FULLY PAID-UP EQUIVALENTS (X 1,000 SHARES)	PAID-UP SHARE CAPITAL	SHARE PREMIUM	TOTAL SHARE CAPITAL AND SHARE PREMIUM
Opening balance at 1 January 2010	58,684	14,671	92,483	107,154
Dividend paid out in shares	962	241	– 241	–
Balance at 31 December 2010	**59,646**	**14,912**	**92,242**	**107,154**
Opening balance at 1 January 2011	59,646	14,912	92,242	107,154
Dividend paid out in shares	854	213	– 213	–
Balance at 31 December 2011	**60,500**	**15,125**	**92,029**	**107,154**

OPTIONAL DIVIDEND

As in 2010, distributions of dividend with the option of settlement in cash or in shares were available. As a consequence, 853,465 shares were newly issued in 2011.

PAID-UP SHARE CAPITAL

As at 31 December 2011, 60,499,717 shares (with a nominal value of € 0.25 each) had been issued and fully paid up.

SHARE PREMIUM

The share premium can be distributed tax-free.

TREASURY SHARES

The company acquired 3,535,215 shares in its own capital through the consolidation of Stichting Samenwerking Apothekers OPG as of 28 July 2011. The net negative effect on equity was € 9.7 million and has been deducted from other reserves within equity. The General Meeting of Shareholders will be asked on 11 April 2012 to approve the cancellation of these shares formerly owned by SSAO.

27 RESERVES

Direct changes in equity are recognised net of tax effects. Transactions with holders of non-controlling interests comprise the differences between the carrying amounts and the fair values of buy-outs or sales of non-controlling interests in entities over which we have control.

The item dividend and subscribed capital includes the dividend received by the holders of non-controlling interests and the subscribed capital set off against their share of the equity of the company in which they have a non-controlling interest.

RESERVE FOR TRANSLATION DIFFERENCES

The reserve for translation differences comprises all cumulative translation differences arising from the translation of the financial statements of activities in currencies other than the euro. The reserve is not freely distributable.

Translation differences included in comprehensive income for the year under review are – € 12.0 million. This amount includes – € 1.6 million in respect of holders of non-controlling interests.

HEDGING RESERVE

The hedging reserve consists of the effective portion of the cumulative net change in the fair value of cash flow hedges where the hedged transactions have not yet taken place.

OTHER RESERVES

The other reserves comprise statutory reserves not freely distributable of € 0.9 million (2010: € 0.7 million) for retained earnings of subsidiaries whose distribution cannot be effected without limitation by Mediq.

APPROPRIATION OF 2010 PROFIT

After deduction of the final dividend of € 0.31 per share adopted by the General Meeting of Shareholders on 13 April 2011, the profit of € 65.8 million was added to other reserves.

Part of the final dividend for 2010 was distributed in cash and amounted to € 10.9 million (€ 0.31 per share). The remainder was distributed in shares, resulting in the issue of 526,868 Mediq shares and reducing the share premium by € 0.1 million. In addition, an interim dividend was paid in 2011, partly in cash (a total of € 4.6 million, € 0.15 per share) and partly in shares (issue of 326,597 Mediq shares).

A final dividend of € 0.31 per share will be proposed to the General Meeting of Shareholders. The proposed final dividend has not yet been included in the financial statements. The final dividend will be made available in cash or in the form of shares, at the option of the owners of the Company.

28 NON-CURRENT LIABILITIES

x € 1,000	31.12.2011	31.12.2010
Borrowings from institutional investors	159,469	76,129
Borrowings from banks	185,134	160,102
Advance discounts	4,397	4,946
Other non-current liabilities	511	1,443
	349,511	**242,620**
Less: portion of borrowings due within one year	3,852	32,075
Total	**345,659**	**210,545**

The non-current liabilities can be broken down by currency as follows:

x € 1,000	31.12.2011	31.12.2010
Euros	181,400	100,426
US dollars (year-end 2011 222.0 million and year-end 2010 USD 190.0 million)	168,111	142,194
Total	**349,511**	**242,620**

BORROWINGS

These relate to:

- New borrowings amounting to € 112.4 million (2010: –) from institutional investors in the USA and England. If this financing is viewed in conjunction with the forward currency contracts linked to these borrowings, future repayment obligations amount to € 111.7 million (2010: –);
- Borrowings amounting to € 47.1 million (2010: € 76.1 million) from institutional investors in the USA and England. If this financing is viewed in conjunction with the forward currency contracts linked to these borrowings, future repayment obligations amount to € 46.9 million (2010: € 77.7 million);
- Borrowings of € 185.1 million (2010: € 160.1 million) from Dutch banks and a Scottish bank.

In 2011, € 30.8 million was repaid on US private placements and € 0.6 million on bilateral loans. An amount of € 22.6 million was raised under existing facilities and € 105.4 million under new US private placements in 2011.

All borrowings as at 31 December 2011 had been concluded at market rates of interest. Foreign exchange differences due to borrowings (and their related interest cash flows) by group companies denominated in a different currency than the reporting currency are fully hedged by currency swaps. For part of the new US private placement, a hedge instrument was used to mitigate the pricing risk during the bidding and negotiation process. This instrument was settled in 2011 and the costs are amortised over the remaining duration of the loan; the value is included in the total book value of the borrowings from institutional investors.

The change in the borrowings from institutional investors is mainly due to the new private placement loan we entered in 2011 and partly attributable to the valuation of the US dollar loans.

The average rate of interest on the bank and non-bank borrowings in 2011 was 4.2% (2010: 4.1%). Part of the borrowings was entered into at a fixed rate of interest. The borrowings at a variable rate of interest have been fixed for the entire term by means of interest rate swaps.

No security has been provided for bank or other borrowings. The main credit facilities are subject to the same ratios: a maximum debt cover of 3.5 and a minimum interest cover of 5. In addition, the usual negative pledge, cross default and pari passu clauses, adapted as appropriate, is part of the loan agreements concluded with the various lenders. The borrowings under these facilities are repayable on demand if the set ratios cease to be met.

At 31 December 2011, the debt cover and interest cover were 1.7 and 13.9 respectively. At 31 December 2010, they were 1.1 and 11.8 respectively. See the Glossary of Terms for more information on the definitions of debt cover and interest cover.

29 DERIVATIVE FINANCIAL INSTRUMENTS

X € 1,000	2011	2010
Non-current assets relating to derivative financial instruments	7,968	356
Current assets relating to derivative financial instruments	1,203	81
Non-current liabilities relating to derivative financial instruments	– 5,020	– 6,732
Current liabilities relating to derivative financial instruments	– 294	– 1,577
Total	**3,857**	**– 7,872**

The table below shows derivatives classified by type:

X € 1,000	CARRYING AMOUNT AT 31.12.2011	CARRYING AMOUNT AT 31.12.2010
Interest rate swaps	– 4,671	– 6,751
Forward currency contracts	550	– 1,037
Combined currency/interest rate swaps	7,978	– 84
Total	**3,857**	**– 7,872**

The carrying amounts of the various derivatives at 31 December 2011 and 31 December 2010 were equal to their fair values.

We use interest rate swaps and forward currency contracts to manage interest rate and currency risks. Receivables under derivatives are presented in non-current and current assets.

Interest rate swaps have been entered into for the full term of all outstanding variable-rate loans from banks to swap the 1-month Euribor paid on those loans for a fixed interest.

Forward exchange contracts hedge the risk of volatility of future transactions in foreign currencies. Such future transactions can be both trade activities with third parties or financing transactions with various group companies. Financing transactions with group companies always take place in the functional currency of the group company concerned, with forward exchange contracts as a hedge of the risk of volatility in foreign currencies. The amount disclosed relates mainly to positions in PLN, SEK, NOK and USD.

The combined currency and interest rate swaps have been entered into on the USD loans from institutional investors to convert the principal amount and fixed interest in USD to a principal and fixed amount in euros. See note 37 for more information on risk management and financial instruments.

30 DEFERRED TAXES

We only net off deferred tax assets and liabilities within the same fiscal unit if the group has an enforceable right to do so and intends to settle them on a net basis.

The positions are provided below:

X € 1,000	2011		2010
Deferred tax assets after netting	23,547		28,588
Deferred tax liabilities after netting	– 27,738		– 22,059
Total	**– 4,191**		**6,529**

Terms

X € 1,000					2010
	TOTAL	< 1 YEAR	1 – 2 YEARS	2 – 5 YEARS	MORE THAN 5 YEARS
Deferred tax assets	28,588	9,546	4,535	13,213	1,294
Deferred tax liabilities	– 22,059	– 3,408	– 2,316	– 2,762	– 13,573
Total	**6,529**	**6,138**	**2,219**	**10,451**	**– 12,279**

X € 1,000					2011
	TOTAL	< 1 YEAR	1 – 2 YEARS	2 – 5 YEARS	MORE THAN 5 YEARS
Deferred tax assets	23,547	5,980	4,986	7,166	5,415
Deferred tax liabilities	– 27,738	– 3,416	– 2,087	– 3,486	– 18,749
Total	**– 4,191**	**2,564**	**2,899**	**3,680**	**– 13,334**

The changes in net deferred tax assets and liabilities can be broken down as follows:

X € 1,000	2011		2010
Balance at 1 January	6,529		11,535
Taken/charged to profit or loss	– 2,177		– 6,765
Taken/charged to equity	– 3,257		4,359
Acquisitions and sales of group companies	– 5,204		– 3,318
Disposals	–		929
Foreign currency translation effect	– 82		– 211
Balance at 31 December	**– 4,191**		**6,529**

The deferred tax assets and liabilities, before netting, relate to the following items:

X € 1,000	Deferred tax assets		Deferred tax liabilities	
	2011	2010	2011	2010
Property, plant and equipment	1,203	1,281	– 6,733	– 5,531
Intangible assets	806	810	– 10,122	– 8,847
Goodwill	16,322	18,748	– 12,382	– 11,663
Financial assets	1,165	1,678	– 1,058	– 524
Trade receivables	681	874	– 875	– 489
Inventories	352	670	35	30
Tax losses	2,645	3,410	627	613
Other assets	21	40	–	–
Employee benefit obligations	80	2,696	10	32
Provisions	1,045	1,259	– 274	1
Other liabilities	1,486	1,196	775	245
Deferred tax assets/liabilities	**25,806**	**32,662**	**– 29,997**	**– 26,133**
Netting of deferred tax items	– 2,259	– 4,074	2,259	4,074
Net deferred tax assets/liabilities	**23,547**	**28,588**	**– 27,738**	**– 22,059**

Deferred tax assets are recognised if it is probable that they will be realised. In determining this, we take into account various factors such as future taxable income, tax planning and possible adjustments to prior years' tax returns.

The deferred tax assets relate mainly to goodwill that can be amortised for tax purposes and goodwill purchased before 2001.

A total of € 2.4 million of the amount for available tax losses relates to Poland and the USA. On the basis of the actual results we expect to set off these tax losses in full in future periods.

Given that the set off of tax losses against future tax profits is uncertain and also that such loss relief may be possible only in the long term, tax losses in Poland/the Netherlands/Belgium/Denmark and Germany for a non-discounted amount of € 13.1 million (2010: € 12.7 million) have not been recognised as deferred tax assets. They expire as follows:

X € 1,000	Total	< 1 year	1 - 2 years	2 - 5 years	More than 5 years
Tax losses not recognised	**13,073**	3,595	3,830	1,515	4,133

31 RETIREMENT AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

The retirement and other employee benefit obligations include the obligations under defined benefit plans and other employee benefits. The other employee benefits relate to early retirement and a provision for future service anniversary benefits.

DEFINED BENEFIT PLANS

Net obligation at balance sheet date

x € 1,000	2011	2010
Present value of funded obligations	311,997	296,994
Fair value of plan assets	310,848	285,859
Net retirement benefit obligation	**1,149**	**11,135**
Other employee benefits	1,620	945
Balance at end of period	**2,769**	**12,080**

PENSION PROVISION

A defined benefit plan applies to a part of Mediq's workforce.

The present value of the funded obligations recognised at year-end 2011 for defined benefit plans relates almost entirely (approximately 99%) to the Dutch entities that are members of Stichting Pensioenfonds Mediq. The number of insurees concerned is approximately 4,600, of which some 1,300 are active participants. The remaining retirement benefit obligation relates to partial defined benefit obligations in Norway, Sweden and France.

The obligation for the defined benefit plans is included in the balance sheet. The obligation is the balance of the fair value of plan assets and the present value of the defined benefit obligation at the balance sheet date, after adjustment for actuarial gains and losses. For this purpose we assess expected returns, expected wage increases, career prospects and the likelihood of dismissals. The pension cost calculated in advance is reported as an expense in the income statement.

The changes in obligations included on the balance sheet can be broken down as follows:

Present value of funded obligations

x € 1,000	2011	2010
Balance at 1 January	296,994	250,011
Interest expense	14,493	12,899
Current service cost	6,019	4,404
Contribution by participants	2,616	1,956
Actuarial gains and losses	– 593	34,969
Benefits paid	– 7,671	– 7,293
Foreign currency translation effect	–	48
Acquisition of group companies	139	–
Balance at 31 December	**311,997**	**296,994**

Fair value of plan assets

x € 1,000	2011	2010
Balance at 1 January	285,859	254,463
Expected return on plan assets	11,539	8,703
Pension contributions	14,063	11,434
Benefits paid	– 7,671	– 7,293
Actuarial gains and losses	8,306	20,002
Other costs	– 1,248	– 1,450
Balance at 31 December	**310,848**	**285,859**

None of the plan assets in 2011 or 2010 were shares in Mediq. The actual return on the plan assets in the year under review was € 19.8 million (+ 6.9%) and was € 28.7 million (+ 11.2%) in the previous year.

The actuarial and demographic assumptions set out below relate to the Dutch entities.

Financial assumptions
The main actuarial assumptions at the balance sheet date:

	2011	2010
Discount rate at 31 December	4.6%	4.7%
Expected return on plan assets	4.4%	3.9%
Future salary increases	2.5%	2.5%
Future pension increases	2.5%	2.5%

The discount rate of 4.6% is based on the return on high-grade corporate bonds. The average term of the obligations matches the average term of the bonds on whose return the discount rate is based. Based on the asset mix, the return assumed on the plan assets is 4.4%. This return is determined from the best possible estimates of the long-term development of returns on the principal asset categories.

The rate of future salary increase of 2.5% is based on general salary increases and individual age-dependent increases.

Demographic assumptions

The probability rates for disability were derived from the report the Dutch Association of Insurers. They were adapted to Wholesale Sector II, but without industry-specific adjustments.

In August 2010, the Actuarial Association issued a new generation table (Forecast table 2010-2060). This table is applied to calculate the year-end 2011 obligation for defined benefit plans of the Dutch entities that are members of Stichting Pensioenfonds Mediq.

The average life expectancy of participants by category:

	2011	2010
Active participants		
Average age	42.8	42.5
Average future life expectancy	44.6	44.9
Non-active participants		
Average age	49.0	48.6
Average future life expectancy	38.3	38.7
Pensioners		
Average age	71.7	71.5
Average future life expectancy	16.7	16.7
Dependants		
Average age	71.2	71.0

Accumulated actuarial gains and losses including tax effect

x € 1,000	2011	2010
Actuarial gains and losses in equity at beginning of year	1,757	12,907
Actuarial gains and losses in total comprehensive income for the year	8,899	– 11,150
Actuarial gains and losses in equity at end of year	**10,656**	**1,757**

Value of plan assets

The value of the plan assets relates only to the Dutch entities and can be broken down as follows:

x € 1,000	2011		2010	
Fixed-interest securities	215,736	69%	209,459	73%
Shares and derivatives	58,517	19%	73,072	26%
Other	36,595	12%	3,328	1%
Total	**310,848**	**100%**	**285,859**	**100%**

The expected return on assets is based on an estimate of the expected long-term return on fixed-interest securities and shares for the strategic asset mix. Fixed-interest securities consist mainly of government bonds. The shares comprise mainly investments in equity funds and property. Other consists mainly of cash and cash equivalents.

Multi-year summary

x € 1,000	2011	2010	2009	2008	2007
Present value of funded obligations	311,997	296,994	250,011	221,222	214,342
Fair value of plan assets	310,848	285,859	254,463	204,173	220,202
Retirement benefit surplus or obligation	**1,149**	**11,135**	**– 4,452**	**17,049**	**– 5,860**
Experience adjustment of the obligations	– 6,331	8,758	18,869	– 4,397	– 37,086
Experience adjustment of plan assets	8,306	20,002	33,162	– 35,653	– 9,149

The experience adjustments relate to changes in the principles and assumptions used to determine the benefits granted.

Income statement costs

The costs included in the income statement under personnel costs can be broken down as follows:

x € 1,000	2011	2010
Interest expense on obligations	14,493	12,899
Current service cost	6,019	4,404
Expected return on plan assets	– 11,539	– 8,703
Other costs	1,248	1,450
Total	**10,221**	**10,050**

The pension obligations of the Dutch business units falling within the scope of the group's collective labour agreement are administered by the Mediq company pension fund, a foundation that makes its decisions independently.

The past service and other pension obligations are fully funded by the foundation. The total contribution to the Mediq pension fund in 2011 was approximately 28.8% of the relevant salary bill. After deduction of the employees' contributions totalling some 5%, the balance of around 24% was contributed by the employer. The total contribution to the Mediq pension fund in 2012 is expected to be € 14.0 million, around 28% of the relevant salary bill. The financing of the pension fund is laid down in a cooperation agreement with Mediq.

The provisional cover ratio, in line with the requirements of the Financial Assessment Framework of De Nederlandsche Bank (the Dutch central bank), was around 103.7% at 31 December 2011 (definitive cover ratio at year-end 2010: 111.9%).

DEFINED CONTRIBUTION PLANS

The pension obligations of Dutch business units not falling within the scope of the Mediq Collective Labour Agreement and foreign business units are generally insured with separate industry multi-employer plans or insurance and reinsurance companies, or are insured via local governments. The pension obligations for the large majority of the employees at our Dutch pharmacies are insured with industry multi-employer plans and an occupational pension fund. In addition to the employees in the Netherlands who are entitled to the Dutch state old-age pension, the employees of our foreign group companies are as a rule also entitled to a state pension.

In Poland, the government mandates a pension bonus in addition to the state pension. Norway operates a pension plan based on government-regulated pension accrual. In connection with this plan, the company includes a provision for pensions in its balance sheet.

The pension plans of the industry multi-employer plan for pharmacy assistants and the occupational pension fund for pharmacists (both in the Netherlands) are treated as defined contribution plans, even though according to the regulations they qualify as defined benefit plans. No information has been received from either fund on the valuation of their assets. The funds state that there is insufficient information and no consistent and reliable method for allocating the liability, plan assets and expenses individually to the participating employers. Accordingly, we account for these two pension plans as defined contribution plans in the financial statements of Mediq.

32 PROVISIONS

X € 1,000	RESTRUCTURING	LEGAL ISSUES	TAX	MISCELLANEOUS	TOTAL
Balance at 1 January 2010	6,459	1,185	8,545	2,539	18,728
Addition	4,504	110	1,237	1,459	7,310
Use	– 5,265	–	–	– 460	– 5,725
Release	– 1,607	– 20	– 2,015	– 74	– 3,716
Accrued interest	–	–	163	–	163
Foreign currency translation effect	–	–	–	72	72
Reclassification	–	–	– 5,043	1,090	– 3,953
Balance at 31 December 2010	**4,091**	**1,275**	**2,887**	**4,626**	**12,879**
Addition	260	1,879	344	1,386	3,869
Use	– 1,724	– 75	– 250	– 971	– 3,020
Release	– 1,868	–	– 1,149	– 1,005	– 4,022
Foreign currency translation effect	–	–	–	30	30
Reclassification	–	–	– 251	– 1,090	– 1,341
Balance at 31 December 2011	**759**	**3,079**	**1,581**	**2,976**	**8,395**

BREAKDOWN OF THE PROVISION

X € 1,000	2011	2010
Non-current	3,118	4,247
Current	5,277	8,632
Total	**8,395**	**12,879**

Restructuring
The implementation of the second and third step of the reorganisation programme of Pharmacies Netherlands and the reorganisation at the institutional activities in the Netherlands led to an amount of € 1.7 million being utilised and a remaining amount of € 1.9 million being released in 2011. An addition of € 0.3 million was recognised for a reorganisation programme in a warehouse of Pharmacies Netherlands; this mainly concerns redundancy schemes. The reorganisation costs comprise mainly severance costs and are based on a detailed redundancy plan.

Legal issues
The provision for legal issues changed mainly as a result of an addition for new legal proceedings. The assumptions underlying the provisions are supported by the opinion of external experts wherever possible.

Taxation

The release of € 1.1 million in the provision for tax relates to the provision for dividend tax which was raised in 2009, and concerned the past conversion of B shares into A shares as part of the transition from a co-operative to a public limited liability company. The 2011 closing balance relates to corporate income tax risks in several countries.

Miscellaneous

Miscellaneous provisions include a provision for long-term remuneration for directors, a provision for an earn-out arrangement and a provision for ongoing inquiries by healthcare insurers into the correctness of amounts received in the past in the USA. Wherever possible, provisions are supported by the opinion of internal or external experts or by the use of other sources. Ultimately the assumptions are inevitably partly based on management's judgement.

33 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

x € 1,000	31.12.2011	31.12.2010
Trade payables	332,824	305,480
Accrued fixed allowances and holiday entitlements	23,499	19,014
Interest payable	3,106	1,705
Commitments in respect of acquisitions	287	364
Other	36,926	33,704
Total	**396,642**	**360,267**

The working capital tied up by trade payables is expressed in days by means of DPO (Days of Payables Outstanding). The average DPO for 2011, which is measured on the basis of a 13-point average, was 42.3 days (2010: 42.5 days).

The commitments in respect of acquisitions relate to acquisition amounts not yet paid. Their fair value is equal to their carrying amount, owing to their short-term nature.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

34 RECONCILIATION OF CASH FLOW CHANGES WITH BALANCE SHEET CHANGES

The statement of cash flows is drawn up using the indirect method, based on the result for the financial year. Operating cash flow is then adjusted for non-cash components in the result, and for components relating to capital expenditure. For most of the components of the statement of cash flows, direct references are included to the notes to the consolidated income statement or the notes to the consolidated balance sheet.

Additional information is set out below for other material components for which further details can improve the required disclosure.

CASH FLOW FROM OPERATING ACTIVITIES

The change of the provisions included in the statement of cash flows relates to retirement and other employee benefit obligations and other provisions. The change relates on the one hand to the application of the provision and the payment of pension contributions (cash flows) and on the other to an adjustment of the operating result for additions or releases taken through profit or loss (non-cash changes).

The changes relating to working capital can be reconciled as follows with the balance sheet items relating to them:

X € 1,000	INVENTORIES	TRADE RECEIVABLES AND OTHER RECEIVABLES	TRADE PAYABLES AND OTHER CURRENT LIABILITIES
Balance at 1 January 2011	231,809	329,799	– 360,267
Acquisitions	15,325	21,792	– 21,219
Foreign currency translation differences	– 7,318	– 7,429	9,734
Other non-cash movements	– 1	– 4,874	– 335
Cash flow movements	1,886	42,557	– 24,555
Balance at 31 December 2011	**241,701**	**381,845**	**– 396,642**

CASH FLOW FROM INVESTING ACTIVITIES

The item acquisitions is determined on the basis of enterprise value, which provides information on the capital requirement resulting from acquisitions. Except for cash and short-term deposits and interest-bearing debt, all balance sheet changes arising from an acquisition are included under this item. The above likewise applies to the item sale of group companies and interests. See note 4 Changes in the composition of Mediq NV for a reconciliation with the statement of cash flows.

Disposals of non-current assets relate to the sale of assets carried under property, plant and equipment, investment property, intangible assets, investments and assets held for sale.

OTHER DISCLOSURES

35 CREDIT FACILITIES AND SECURITY PROVIDED

We manage the major credit facilities centrally. They are partly long-term non-bank borrowings and partly credit facilities arranged with three Dutch financial institutions and one Scottish financial institution. The latter facilities are lines of credit for short-term and medium-term borrowings. The main credit condition provisions of the various institutions are similar to each other and to those applying to non-bank borrowings. At year-end 2011, we comfortably satisfied these conditions.

At 31 December 2011 Mediq had issued bank guarantees on behalf of third parties for an amount of € 13.5 million (2010: € 9.0 million). Of this, € 7.0 million are bank guarantees in respect of legal disputes (2010: € 7.0 million).

36 RIGHTS AND COMMITMENTS NOT SHOWN IN THE BALANCE SHEET

OPERATING LEASE AND RENTAL COMMITMENTS

The commitments not shown in the balance sheet amounted to € 169 million at 31 December 2011 (at 31 December 2010: € 176 million) and can be broken down as follows:

X € 1,000,000	31.12.2011	31.12.2010
Lease and rental commitments		
• Due within one year	38	38
• Due between one and five years	86	87
• Due after more than five years	41	48
Other	4	3
Total	**169**	**176**

Operating lease charges totalling € 6.6 million (2010: € 5.9 million) and rental commitments of € 33.8 million (2010: € 30.0 million) were taken to profit or loss in the financial year.

Despite the new acquisitions in 2011 the total commitments not shown in the balance sheet decreased by € 7 million compared to 2010. The decrease is a result of the yearly expirations of rental commitments and, on the other hand, limited new rental and lease agreements.

CONTINGENT LIABILITIES

Mediq is involved in a number of legal cases and ongoing disputes or potential legal proceedings. Where necessary, sufficient provisions have been formed for legal issues (see note 32 for more information). Based on a review of these issues, the Management Board considers that further additions are not necessary.

General guarantees within the meaning of Section 403 of Book 2 of the Dutch Civil Code have been issued by Mediq NV on behalf of virtually all its group companies established in the Netherlands, except for group companies that we do not wholly own, specifically a number of pharmacies in Pharmacies Netherlands.

37 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

GENERAL

In the implementation of our strategy we target average long-term growth in net earnings per share of 8% per year. In addition, we set a financial target for return on average capital employed (based on the operating result) of at least 15% before tax. We aim to distribute around 35% of the net result as dividend.

No significant changes in terms of capital management were effected in the year under review. An enabling condition in our policy is a healthy financing structure that maintains a balance between adequate solvency, the leverage of loan capital and sufficient available funding. We aim to continue to be rated by the market as 'investment grade', as this provides us with comparatively low financing costs as well as flexibility in implementing our growth strategy. Our balance sheet and cash flow are strong. This enables us to continue to grow through acquisitions.

As a result of its activities, Mediq is exposed to various financial risks. We apply a group-wide treasury policy for adequate management of our cash flows and financing flows and the financial risks relating to them, including (re)financing risks, currency risks and interest rate risks.

In addition, price risks are relevant for the group. The fee systems for pharmaceuticals and medical products in the various countries are complex. Prices are determined to a significant extent by the government and insurers. The section ‘System of fees and reimbursements’ in the directors’ report provides an overview of the key legislation, regulations and payers in the most relevant countries in this context.

A summary is provided below of the main financial risks relating to our objectives, categorised as liquidity risks, currency risks, interest rate risks and credit risks. We also state how we manage these risks.

LIQUIDITY RISK

Liquidity risk is the risk that Mediq is unable at the required time to meet its financial obligations. Liquidity management is based on the principle that sufficient liquidity is maintained in the form of credit facilities or cash and cash equivalents to meet the obligations in both normal and exceptional circumstances. Cash flows are forecasted within the group on a regular basis and the extent is determined to which the group has sufficient liquidity for the operating activities while maintaining sufficient credit facilities (headroom).

Our total credit facilities, comprising long-term borrowings from institutional investors and medium-term and current bank facilities, amounted to € 430 million as at 31 December 2011 (2010: € 432 million), with headroom of € 88 million under the committed facilities at year-end 2011 (2010: € 115 million). The company therefore has credit facilities that are sufficient for the existing and expected credit requirements of the group.

The extent of the risk that the ratios agreed with lenders are exceeded is regularly determined. With the present net debt position of € 278.3 million, the ratios for interest cover and debt cover are respectively 13.9 and 1.7. This is comfortably within the limits agreed with the various lenders of a minimum interest cover of 5.0 and a maximum debt cover of 3.5. These agreed limits are the same for the main lenders.

A 10% fall in our operating result (defined for this purpose as operating result before depreciation of property, plant and equipment and amortisation of intangible assets and impairments) would reduce interest cover by 1.4 points, at unchanged interest rates on interest-bearing debt. The agreed minimum interest cover of 5.0 would only be reached if the operating result fell by more than 64%. A 10% fall in our operating result would increase debt cover by 0.2 points. The agreed maximum debt cover of 3.5 would be reached if the operating result fell by more than 52%.

The expected cash flows of the financial obligations as at 31 December 2011, including estimated interest payments, are as follows:

X € 1,000	CARRYING AMOUNT	EXPECTED CASH FLOW	< 1 YEAR	1 - 2 YEARS	2 - 3 YEARS	3 - 4 YEARS	4 - 5 YEARS	MORE THAN 5 YEARS
Borrowings from institutional investors	151,491	191,589	7,052	6,958	51,952	4,738	4,675	116,214
Borrowings from banks	189,805	196,989	7,001	189,988	–	–	–	–
Other non-current liabilities	511	491	101	99	98	97	96	–
Credit institutions	197	197	197	–	–	–	–	–
Trade payables and other current liabilities, excluding interest	396,642	396,642	396,642	–	–	–	–	–
Total financial liabilities	**738,646**	**785,908**	**410,993**	**197,045**	**52,050**	**4,835**	**4,771**	**116,214**

The expected cash flows for borrowings from institutional investors and the borrowings from banks are reported together with the interest rate swaps and combined currency-interest rate swaps. These interest rate swaps and combined currency-interest rate swaps exactly match the repayment amounts and interest payment dates on the hedged positions. Therefore the carrying amount of the borrowings from institutional investors in this summary includes the combined currency-interest rate swaps and the carrying amount of the borrowings from banks includes the interest rate swaps. This presentation does justice to the fact that on balance, as a result of the cash flow hedges, we pay fixed interest on the loans. The other derivatives, which are forward currency contracts, all expire within a period of one year.

CURRENCY RISKS

Mediq is subject to currency risks on sales, purchases and loans denominated in currencies other than the functional currency of the Mediq entity concerned. Currency risks relate mainly to the US dollar, the Polish zloty and the Swedish krona.

Our policy is aimed at systematic hedging of currency risks arising from trade transactions or loans in currencies other than the own currency of the group company concerned, often by means of forward currency transactions. We do not hedge translation risks. We regard our positions in other countries (in this case outside the euro area) as strategic and assume that over the longer term, currency fluctuations will on balance have a neutral effect.

The currency exposure within the group from trade activities is very limited. Cash flows arising from the operation of forward currency contracts match as far as possible but offset those of the hedged position. No hedge accounting is applied for these derivatives.

Within the combined currency and interest rate swap, changes in the fair value concerning the currency component of the derivative on the one hand and the hedged position on the other are reciprocally neutralised in full.

The sensitivity of the operating result of 2011 in respect of the currency risk of our positions outside the euro area to a 10% change in the exchange rate of the euro is € 1.7 million. Gains or losses on forward currency contracts offset the currency risk from purchasing contracts in foreign currencies. The currency risk in respect of net result of 2011 amounts to € 0.8 million.

INTEREST RATE RISKS

We use various financial instruments within the group to manage interest rate risks. In the Netherlands, the cash flows of the group companies were already centralised by the use of cash pools. In 2010 the foreign group companies introduced this as well to reduce the capital required from operating activities and the related interest expense.
The risk policy is aimed at limiting the short-term impact of interest rate fluctuations on results and at locking in the interest rate for the long term. In principle, hedge accounting is applied for interest rate swaps (cash flow hedging). To avoid exposure to market fluctuations, variable interest rates are swapped into fixed rate contracts.

The schedule of repayments and interest payments of the hedge position is taken fully into account for interest rate swaps used to prevent interest rate risks. As a result the hedge is prospectively effective. We apply hedge accounting to all interest rate swaps. The hedges were all effective in both 2011 and in 2010.

On the basis of the financing position as at year-end 2011, we estimate that an increase or decrease of 1 percentage point in the euro money market interest rates will have an effect of approximately €0.3 million on net finance costs. Fluctuations in long-term interest rates had a limited direct effect on the result in 2011, as the interest rate terms are fixed for the remaining maturity of virtually all existing medium and long-term borrowings.

CREDIT RISKS

Credit risk is the risk of financial loss if a customer or counterparty in a financial instrument fails to meet its contractual obligations. The risk for Mediq arises mainly from trade receivables, for which credit concentration is limited however.
Our wholesaling activities in the pharmaceutical and institutional markets have a large number of customers and accordingly there is no concentration of credit risk. A total of some 31% (2010: 38%) of trade receivables relate to these activities.

Trade receivables at our pharmacies and direct activities in the Netherlands often relate to receivables from healthcare insurers. Deliveries from our pharmacies in Poland are often settled in cash. The receivables due from the five largest healthcare insurers in the Netherlands account for 22% (2010: 27%) of the trade receivables. The largest party has a share of 8%. These healthcare insurers are subject to supervision by the Dutch Central Bank. We consider the credit risk with these parties to be limited.

The maximum credit risk is equal to the carrying amount of each financial instrument on the balance sheet and relates to the following items:

x € 1,000	31.12.2011	31.12.2010
Loans to customers	2,780	3,915
Customer supply commitments	4	40
Other receivables, non-current assets	78	95
Trade receivables	344,220	297,405
Other receivables, current assets	37,625	32,394
Total	**384,707**	**333,849**

The group limits its credit risk exposure on financial instruments by setting credit limits for each counterparty and concluding contracts only with respected parties. The position at the balance sheet date is a good reflection of the positions in the past financial year.
Security has been provided by the borrowers for the majority of the loans issued. The majority of security provided consists in pledges of shares of the second rank. In addition the borrowers have provided security in the form of entries in the mortgage register in the second rank. The fair value of this security cannot be sufficient reliably estimated. No security has been provided for a portion of the loans granted to customers and the customer supply commitments.

In terms of risk management for trade receivables outstanding the analysis of Days of Sales Outstanding (DSO) is an important measure of items outstanding. In the past year average DSO amounted to 37.2 days (2010: 36.9 days). The analysis of the DSO is a standard performance indicator in the monthly results to be reported by group companies. These provide the most senior management with a continuous insight into the relative capital tied up in, and the velocity of, debtors.

FINANCIAL INSTRUMENTS BY CATEGORY

The table below sets out the carrying amount of the various financial instruments by category as at the balance sheet date.

x € 1,000	31.12.2011	31.12.2010
Receivables and loans		
Loans to customers	2,780	3,915
Customer supply commitments	4	40
Other receivables, non-current assets	78	95
Derivative financial instruments, non-current assets	7,968	356
Trade receivables	344,220	297,405
Other receivables, current assets	37,625	32,394
Derivative financial instruments, current assets	1,203	81
Cash and cash equivalents	67,155	67,196
Total assets, financial instruments	**461,033**	**401,482**
Borrowings, long-term liabilities	345,659	210,545
Derivative financial instruments, long-term liabilities	5,020	6,732
Credit institutions	197	462
Borrowings due within one year	3,852	32,075
Derivative financial instruments, current liabilities	294	1,577
Trade payables	332,824	305,480
Other payables, current liabilities	63,818	54,787
Total liabilities, financial instruments	**751,664**	**611,658**

Of the financial instruments listed above, investments and derivatives are measured at fair value. Cash and cash equivalents are likewise carried at fair value. The other items are measured at fair value on initial recognition only and subsequently at amortised cost. See the accounting policies for further details.

METHOD FOR FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

We use a three-level fair value hierarchy:

- Level 1: fair value is determined by reference to quoted prices in active markets for identical assets and liabilities.
- Level 2: fair value is determined on the basis of other inputs than quoted prices that are observable (direct and indirect sources).
- Level 3: fair value is determined on the basis of inputs that are not based on observable market data.

Level 1

The financial asset at fair value through profit or loss is measured by reference to quoted prices in an active market. At the end of 2011 and 2010 Mediq had no assets in this category.

Level 2

As there are no external market prices on which to base the value of receivables, borrowings and commitments relating to derivatives, their fair value is determined from generally accepted valuation models. The value determined in this way is equal to the price at which the derivative can be sold in a transparent market. We set the values regularly in consultation with accepted external market parties.

We calculate the fair value of the interest rate swaps as the present value of the future cash flows from the derivative, using discount rates in line with the interest rate curve based on the risk free yields (i.e. the zero coupon curve) at the balance sheet date. For the valuation of forward currency contracts, the future cash flows in the contract currency are discounted at a rate based on the term and contract currency. The present value at the balance sheet date in the contract currency is translated at the closing exchange rate ruling on the same day. In the combined currency and interest rate swaps, all interest rate effects, including differences between the forward and closing exchange rates, are allocated to the interest rate swap. As a result, the currency swap in the combined currency and interest rate swaps is valued at the closing exchange rate ruling on the balance sheet date.

The fair value of all currency and interest rate swaps is reviewed independently based on the specific characteristics of the contracts concluded. The review did not indicate any reason to adjust the fair value calculated by the group.

Level 3

Financial instruments carried at fair value determined by reference to input that is not based on observable market data do not apply to Mediq.

The other receivables, borrowings and commitments are carried at amortised cost. The fair value of the long-term liabilities is some € 2.0 million higher than the carrying amount. This difference is due to a lower market rate of interest, linked to the agreed terms, than the contractually agreed interest rate. The fair values of the other items do not differ materially from their carrying amounts.

38 RELATED PARTY TRANSACTIONS

The following related parties of the group can be distinguished: subsidiaries, associates, the members of the Management Board and the members of the Supervisory Board.

The remuneration of the Management Board and the Supervisory Board can be broken down as follows:

x € 1,000	2011	2010
Management Board		
Wages and salaries	1,320	1,587
Pension charges	229	176
Long-term remuneration	496	194
Other personnel costs	11	11
Subtotal	**2,056**	**1,968**
Supervisory Board		
Salaries and social security charges	222	234
Total remuneration of the Management Board and the Supervisory Board	**2,278**	**2,202**

Further details of the remuneration are set out below:

REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD

x € 1,000	2011	2010
M.C. van Gelder		
Gross salary	550	510
Variable short-term remuneration	235	431
Total short-term remuneration	**785**	**941**
Total long-term remuneration	295	115
Pension contribution	136	104
J.G. Janssen		
Gross salary	375	350
Variable short-term remuneration	160	296
Total short-term remuneration	**535**	**646**
Total long-term remuneration	201	79
Pension contribution	93	72

The total remuneration of the members of the Management Board, special compensation and the contributions under the pension plans amounted to € 2.1 million (2010: € 2.0 million).

REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD

X € 1,000	2011	2010
S. van Keulen (as from 1 April 2010)	44	27
B.T. Visser	40	40
W.M. van den Goorbergh	35	35
O.R. Stuge	35	35
F.K. de Moor	34	34
M.J.M van Weelden-Hulshof	34	34
J.F. van Duyne (until 31 August 2010)		29
Total	**222**	**234**

One of the members of the Supervisory Board, Mrs M.J.M. van Weelden-Hulshof, is a customer of the group in her capacity as a community pharmacist.

The remuneration report provides details of the remuneration policy for members of the Management Board and members of the Supervisory Board. No shares were awarded for 2011 to the members of the Management Board as part of the remuneration system.

The members of the Supervisory Board of Mediq held a total of 75,050 shares in Mediq as at 31 December 2011 (31 December 2010: 75,050). The number of shares held by present members of the Management Board at 31 December 2011 totalled 95,778 (31 December 2010: 72,778).

The numbers of shares per member of the Management Board and the blocked shares held by former members of the Management Board at year-end 2011 were as follows:

	SHARE-HOLDING AT YEAR-END 2011	OF WHICH BLOCKED UNDER SHARE PLAN	TO BE RELEASED 2012	TO BE RELEASED 2013
M.C. van Gelder	66,778	23,881	13,608	10,273
J.G. Janssen	29,000	–	–	–
Former members of the Management Board	17,399*	17,399	10,208	7,191
Total	**113,177**	**41,280**	**23,816**	**17,464**

* Relates only to the number blocked for former members.

It has been agreed with the members of the Management Board that they will build up share interests in Mediq amounting to twice their fixed annual salary over the next years. Mr van Gelder increased his share interest in 2011 by 17,000 shares from 49,778 shares to 66,778 shares. Mr Janssen increased his share interest in 2011 by 6,000 shares from 23,000 shares to 29,000 shares.

Mr van Gelder is a member of the Supervisory Board of Maxeda, with which an agreement has been signed for the joint purchasing of non-trading goods. Maxeda receives a reasonable and arm's length fee for services rendered in this respect. Mr van Gelder receives no compensation whatsoever in connection with this agreement.

Other related party transactions

X € 1,000,000	TRANSACTION VALUE		BALANCE OUTSTANDING AT 31 DECEMBER	
	2011	2010	2011	2010
Sales of products and services				
Associates	16.0	16.4	1.1	1.3
Other related parties	5.1	5.2	0.3	0.3

The transactions with these related parties are at arm's length.

STICHTING SAMENWERKING APOTHEKERS OPG

Stichting Samenwerking Apothekers OPG ('Foundation') was established in 1992 under a different name when Mediq was listed on the stock exchange. The member pharmacists at the time donated part of the reserves in Mediq to the Foundation in the form of Mediq securities. The object of the Foundation was to support projects benefiting the pharmacy profession in the Netherlands. This includes professional practice, in particular, increasing the quality and effectiveness of the pharmacy business. Mediq was beneficiary in some of these projects and received a total of € 1.1 million in the first half year of 2011 related to the settlement of previous commitments. No donations were received in 2010.

Up to 28 July the Board of the Foundation consisted of three independent pharmacists, one of whom was the chairman, and three members appointed by Mediq. In the event of a tied vote, the chairman had the casting vote. Until this date the Foundation operated independently of Mediq, which had no control over the Foundation's policy. Following consultation between the SSAO, Mediq and the tax authorities regarding the distributions by the SSAO, it was decided to change the relationship between SSAO and Mediq. As a result the remaining assets and liabilities of SSAO were transferred to Mediq and Mediq has consolidated the SSAO as of 28 July. The SSAO was liquidated in September 2011.

39 EVENTS AFTER THE BALANCE SHEET DATE

ACQUISITION OF DIABETESWERELD

On 2 January 2012 Mediq acquired Multicare B.V. (trade name 'Diabeteswereld') in the Netherlands. Mediq bought 100% of the shares.

Diabeteswereld has 5 employees and is a specialised supplier of medical devices for diabetic patients. This acquisition is relatively limited in terms of size and has no material impact on the group's sales, the result and assets and liabilities.

HOLDING COMPANY BALANCE SHEET

Before profit appropriation

x € 1,000	NOTE	31.12.2011	31.12.2010
Non-current assets			
Property, plant and equipment	40	5,609	6,317
Intangible assets	41	169	379
Interests in group companies	42	429,848	325,030
Derivative financial instruments		7,978	356
Deferred tax assets		4,049	8,228
		447,653	**340,310**
Current assets			
Receivables from group companies		675,068	633,350
Other receivables		7,203	11,283
Derivatives		1,202	81
Cash and cash equivalents		8,902	1,363
		692,375	**646,077**
Total assets		**1,140,028**	**986,387**
Equity	43		
Paid-up share capital		15,125	14,912
Share premium		92,029	92,242
Reserve for translation differences		– 6,518	3,944
Reserve for cash flow hedges		– 718	– 3,899
Other reserves		366,233	308,154
Profit for the period		73,415	76,662
		539,566	**492,016**
Provisions	44	**6,615**	**16,379**
Non-current liabilities			
Borrowings	45	268,136	120,589
Derivative financial instruments		5,020	6,732
		273,156	**127,321**
Current liabilities			
Borrowings due within one year		550	30,486
Derivative financial instruments		–	421
Trade payables		947	1,060
Amounts owed to group companies		304,225	304,454
Taxes and social security charges		2,981	1,248
Other payables		11,988	13,002
		320,691	**350,671**
Total equity and liabilities		**1,140,028**	**986,387**

HOLDING COMPANY INCOME STATEMENT

X € 1,000	2011		2010
Results of group companies after tax	79,436		82,069
Other income and expense after tax	– 6,021		– 5,407
Net result	**73,415**		**76,662**

NOTES TO THE HOLDING COMPANY FINANCIAL STATEMENTS

ACCOUNTING POLICIES FOR THE HOLDING COMPANY FINANCIAL STATEMENTS

GENERAL

The company financial statements of Mediq NV are prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code. We utilise the option afforded by Section 362(8) of Book 2 of the Dutch Civil Code to apply the accounting policies used for the consolidated financial statements to the holding company financial statements. The policies include those covering the presentation of financial instruments as equity or loan capital.

DETAILS OF ACCOUNTING POLICIES

The accounting policies for the holding company financial statements are the same as those for the consolidated financial statements. If an accounting policy is not set out in detail, please refer to the corresponding accounting policies as included in the notes to the consolidated financial statements.

Shareholdings

This includes group companies as well as associates.

We include investments in group companies on the balance sheet based on the equity method. On the acquisition of a group company, its individual assets, liabilities and contingent liabilities are measured at fair value on the date of acquisition. If the cost of acquisition is higher than the fair value of the group's share in the separately identifiable net assets, the excess is recognised as goodwill. Goodwill is capitalised. After initial recognition, goodwill is carried at cost less accumulated impairment losses. If the acquisition price is lower than the net fair value of the identifiable net assets, we recognise the difference directly in profit or loss. On the sale of a group company, we recognise the difference between the sale proceeds and carrying amount, including goodwill and accumulated translation differences, in profit or loss.

NOTES TO THE HOLDING COMPANY INCOME STATEMENT

INCOME STATEMENT FORMAT

As the 2011 income statement of the holding company is incorporated in the consolidated financial statements, a condensed income statement of Mediq Holding NV is presented in accordance with Section 402 of Part 9, Book 2 of the Dutch Civil Code.

NOTES TO THE HOLDING COMPANY BALANCE SHEET

40 PROPERTY, PLANT AND EQUIPMENT

X € 1,000	2011	2010
Cost	7,127	7,090
Accumulated depreciation	– 810	– 865
Carrying amount at 1 January	**6,317**	**6,225**
Additions	168	934
Depreciation	– 876	– 842
Carrying amount at 31 December	**5,609**	**6,317**
Cost	7,295	7,127
Accumulated depreciation	– 1,686	– 810
Carrying amount at 31 December	**5,609**	**6,317**

Property, plant and equipment relate to other operating assets

41 INTANGIBLE ASSETS

X € 1,000	2011	2010
Cost	2,344	2,141
Accumulated amortisation	– 1,965	– 1,853
Carrying amount at 1 January	**379**	**288**
Additions	38	203
Disposal	– 189	–
Amortisation	– 59	– 112
Carrying amount at 31 December	**169**	**379**
Cost	316	2,344
Accumulated amortisation	– 147	– 1,965
Carrying amount at 31 December	**169**	**379**

Intangible assets relate to software and websites.

42 NON-CURRENT FINANCIAL ASSETS

INTERESTS IN GROUP COMPANIES

X € 1,000	2011	2010
Balance at 1 January	325,030	238,596
Share of profit	79,436	82,069
Foreign currency translation effect	– 10,462	4,391
Other movements	35,844	– 26
Balance at 31 December	**429,848**	**325,030**

Interests in group companies are measured on the basis of the equity method. Other movements are mainly the result of the consolidation of Stichting Samenwerking Apothekers OPG as of 28 July 2011.

43 EQUITY

X € 1,000									2010
	PAID-UP SHARE CAPITAL	SHARE PREMIUM	RESERVE FOR TRANS-LATION DIF-FERENCES	HEDGING RESERVE	STATUTORY RESERVE FOR INVEST-MENTS IN ASSOCIATES	OTHER RESERVES	TOTAL	PROFIT FOR THE PERIOD	TOTAL EQUITY
Opening balance at 1 January 2010	14,671	92,483	– 448	– 3,222	1,509	259,045	364,038	74,530	438,568
Other comprehensive income:									
• Actuarial gains and losses on defined benefit plans						– 14,967	– 14,967		– 14,967
• Tax effect on actuarial gains and losses						3,817	3,817		3,817
• Net change in fair value of cash flow hedges reclassified to profit or loss				– 909			– 909		– 909
• Tax effect on cash flow hedges				232			232		232
• Foreign currency translation differences			4,392				4,392		4,392
Other comprehensive income			**4,392**	**– 677**		**– 11,150**	**– 7,435**		**– 7,435**
Profit for the period								76,662	76,662
Total comprehensive income			**4,392**	**– 677**		**– 11,150**	**– 7,435**	**76,662**	**69,227**
Transactions with owners, recognised directly in equity:									
• 2009 final dividend	151	– 151						– 11,527	– 11,527
• Addition to reserves						63,003	63,003	– 63,003	–
Distribution of 2010 interim dividend	90	– 90				– 4,227	– 4,227		– 4,227
Other movements					– 859	833	– 25		– 25
Balance at 31 December 2010	**14,912**	**92,242**	**3,944**	**– 3,899**	**650**	**307,505**	**415,354**	**76,662**	**492,016**

X € 1,000									2011
	PAID-UP SHARE CAPITAL	SHARE PREMIUM	RESERVE FOR TRANSLATION DIFFERENCES	HEDGING RESERVE	STATUTORY RESERVE FOR INVESTMENTS IN ASSOCIATES	OTHER RESERVES	TOTAL	PROFIT FOR THE PERIOD	TOTAL EQUITY
Opening balance at 1 January 2011	14,912	92,242	3,944	– 3,899	650	307,505	415,354	76,662	492,016
Other comprehensive income:									
• Actuarial gains and losses on defined benefit plans						8,899	8,899		8,899
• Tax effect on actuarial gains and losses						– 2,225	– 2,225		– 2,225
• Net change in fair value of cash flow hedges reclassified to profit or loss				4,241			4,241		4,241
• Tax effect on cash flow hedges				– 1,060			– 1,060		– 1,060
• Foreign currency translation differences			– 10,462				– 10,462		– 10,462
Other comprehensive income			**– 10,462**	**3,181**		**6,674**	**– 607**		**– 607**
Profit for the period								73,415	73,415
Total comprehensive income			**– 10,462**	**3,181**		**6,674**	**– 607**	**73,415**	**72,808**
Transactions with owners, recognised directly in equity:									
• 2010 final dividend	131	– 131						– 10,896	– 10,896
• Addition to reserves						65,766	65,766	– 65,766	–
Purchase of own shares						– 9,748	– 9,748		– 9,748
Distribution of 2011 interim dividend	82	– 82				– 4,603	– 4,603		– 4,603
Other movements					281	– 292	– 11		– 11
Balance at 31 December 2011	**15,125**	**92,029**	**– 6,518**	**– 718**	**931**	**365,302**	**466,151**	**73,415**	**539,566**

PAID-UP SHARE CAPITAL

X € 1,000	NUMBER OF SHARES IN FULLY PAID-UP EQUIVALENTS	PAID-UP SHARE CAPITAL
Opening balance at 1 January 2010	58,684	14,671
Dividend paid out in shares	962	241
Balance at 31 December 2010	**59,646**	**14,912**
Opening balance at 1 January 2011	59,646	14,912
Dividend paid out in shares	854	213
Balance at 31 December 2011	**60,500**	**15,125**

PAID-UP SHARE CAPITAL

As at 31 December 2011, 60,499,717 shares (with a nominal value of € 0.25 each) had been issued and fully paid up.

SHARE PREMIUM

The share premium can be distributed tax-free.

STATUTORY RESERVE FOR INVESTMENTS IN ASSOCIATES

This reserve relates to retained earnings of investments in group companies whose distribution cannot be effected by Mediq without limitation. This applies only to group companies with associates. The statutory reserve is reduced by the dividend – from these investments – to which a right has arisen up to the date on which the financial statements are adopted.

TREASURY SHARES

The company acquired 3,535,215 shares in its own capital through the consolidation of Stichting Samenwerking Apothekers OPG as of 28 July 2011. The net negative effect on equity was € 9.7 million and has been deducted from other reserves within equity. The General Meeting of Shareholders will be asked on 11 April 2012 to approve the cancellation of these Mediq shares formerly owned by SSAO.

The members of the Supervisory Board of Mediq held a total of 75,050 shares in Mediq as at 31 December 2011 (31 December 2010: 75,050). The number of shares held by present members of the Management Board at 31 December 2011 totalled 95,778 (31 December 2010: 72,778).

APPROPRIATION OF 2010 PROFIT

After deduction of the final dividend of € 0.31 per share set by the General Meeting of Shareholders on 13 April 2011, the profit of € 65.8 million was added to other reserves.

We refer to the consolidated statement of changes in equity for information on the composition, amount and changes of equity.

44 PROVISIONS

x € 1,000	31.12.2011	31.12.2010
Provision for tax liabilities	926	370
Provision for pension obligations	75	10,625
Other provisions	5,614	5,384
Total	**6,615**	**16,379**

The provision for tax liabilities relates to deferred taxes. The other provisions relate principally to provisions for retirement and other employee benefits, risks in respect of corporate income tax and provisions for legal proceedings.

45 LONG-TERM DEBTS

Long-term debts consist of borrowings amounting to € 140.0 million (2010: € 70.0 million) from Dutch banks and one Scottish bank and non-bank borrowings amounting to € 124.3 million from four institutional investors in the USA and England (2010: € 46.2 million). If the financing from institutional investors is viewed in conjunction with the forward currency contracts, future repayment obligations amount to € 120.0 million (2010: € 77.7 million). In addition, € 3.8 million in advance rental discounts was recognised under non-current liabilities (2010: 4.4 million). As in 2010, there are no long-term debts repayable to group companies.

The remaining terms of the long-term debts can be broken down as follows:

x € 1,000	31.12.2011	31.12.2010
Due between one and five years after the balance sheet date		
Borrowings from banks	140,000	70,000
Borrowings from institutional investors	47,045	46,193
Advance rental discounts	2,198	2,198
Due after more than five years after the balance sheet date		
Borrowings from banks	–	–
Borrowings from institutional investors	77,244	–
Advance rental discounts	1,649	2,198
Total	**268,136**	**120,589**

In addition, an amount of approximately € 0.5 million relating to these long-term debts is included under current liabilities.

The long-term debts can be broken down by currency as follows:

x € 1,000	31.12.2011	31.12.2010
Euros	173,847	94,397
US dollars	94,289	26,192
Total	**268,136**	**120,589**

The foreign exchange risks in respect of the result and cash flows are fully hedged by currency swaps. The average rate of interest on these long-term borrowings is 4.2% (2010: 4.2%). The interest rate risk on these borrowings has been largely hedged by interest rate swaps. The conditions attached to borrowings are a maximum debt cover 3.5, a minimum interest cover of 5.0, and the usual negative pledge, cross default and pari passu clauses.

46 COMMITMENTS NOT SHOWN IN THE BALANCE SHEET

GUARANTEES AND COMMITMENTS

General guarantees within the meaning of Section 403 of Book 2 of the Dutch Civil Code have been issued by Mediq NV on behalf of virtually all its group companies established in the Netherlands, except for group companies that we do not wholly own, specifically a number of pharmacies in Pharmacies Netherlands. In addition, Mediq NV has commitments under lease contracts for cars and rental commitments for the group's head office building in Utrecht.

x € 1,000	31.12.2011	31.12.2010
Lease commitments		
• Due within one year	401	306
• Due between one and five years	465	279
	866	**585**
Rental commitments		
• Due within one year	2,589	2,467
• Due between one and five years	10,355	9,868
• Due after more than five years	7,551	9,868
	20,495	**22,203**
Total	**21,361**	**22,788**

FISCAL UNIT

Mediq and virtually all its wholly-owned subsidiaries in the Netherlands form a fiscal unit for corporate income tax and VAT purposes. The group and its group companies forming part of this fiscal unit are jointly and severally liable for each other's debts in respect of corporate income tax and VAT.

47 AUDITOR'S FEES

The fees of KPMG Accountants amounted to € 0.8 million in 2011 (2010: € 0.9 million). They comprised the following:

X € 1,000	2011			2010		
	KPMG ACCOUNTANTS NV	OTHER KPMG NETWORK	TOTAL KPMG	KPMG ACCOUNTANTS NV	OTHER KPMG NETWORK	TOTAL KPMG
Audit of financial statements	282	343	625	284	369	653
Other audit services	38	5	43	58	14	72
Tax advisory services	–	28	28	–	–	–
Other non-audit services	100	45	145	165	35	200
Total	**420**	**421**	**841**	**507**	**418**	**925**

The fees are included in full in general expenses. The fees for other audit procedures relate mainly to purchase price allocations of acquired companies in 2011. The other non-audit services comprise fees for agreed-upon procedures and advisory services.

Utrecht, 15 February 2012

Management Board
M.C. van Gelder, Chairman
J.G. Janssen

Supervisory Board
S. van Keulen, Chairman
B.T. Visser, Vice-Chairman
W.M. van den Goorbergh
F.K. de Moor
O.R. Stuge
M.J.M. van Weelden-Hulshof

OTHER INFORMATION

PROPOSED PROFIT APPROPRIATION AND DIVIDEND

Pursuant to Article 37 of the Articles of Association of the company the Management Board will propose the following appropriation of the profit for approval by the General Meeting of Shareholders on 11 April 2012:

X € 1,000	2011
Net result attributable to owners of the Company	73,415
Available for dividend (€ 0.46 per share)	26,685
	46,730

On the basis of this proposal, a dividend of € 0.46 (€ 2010: 0.46) will be distributed per share of € 0.25 nominal value in the form of a dividend that owners of the Company can elect to receive in cash or shares. This represents a pay-out of 37%. An amount of € 0.15 per share has already been distributed as interim dividend. The final dividend of € 0.31 (2010: € 0.31) will be made payable on 8 May 2012 in cash or in the form of shares, at the option of the shareholder.

EVENTS AFTER THE BALANCE SHEET DATE

For information on events after the balance sheet, please see note 39.

INDEPENDENT AUDITOR'S REPORT

To the General Meeting of Shareholders of Mediq NV

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2011 of Mediq NV, Utrecht as set out on pages 79 to 151. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2011, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2011, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the Management Board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, Management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Mediq NV as at 31 December 2011 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Mediq NV as at 31 December 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the report of the Management Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the report of the Management Board, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 15 February 2012

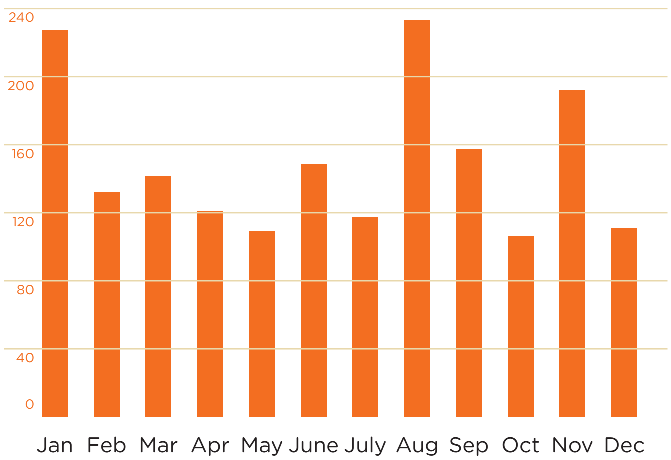
KPMG ACCOUNTANTS NV
E. Eeftink RA

MEDIQ ON THE CAPITAL MARKETS

MEDIQ'S INVESTOR RELATIONS POLICY IS INTENDED TO PROVIDE TIMELY, FULL AND CONSISTENT INFORMATION TO EXISTING AND POTENTIAL SHAREHOLDERS, OTHER CAPITAL PROVIDERS AND THEIR INTERMEDIARIES. WE WANT TO ENABLE THEM TO DEVELOP A CLEAR UNDERSTANDING OF OUR ACTIVITIES, HISTORICAL PERFORMANCE AND OUTLOOK FOR THE FUTURE.

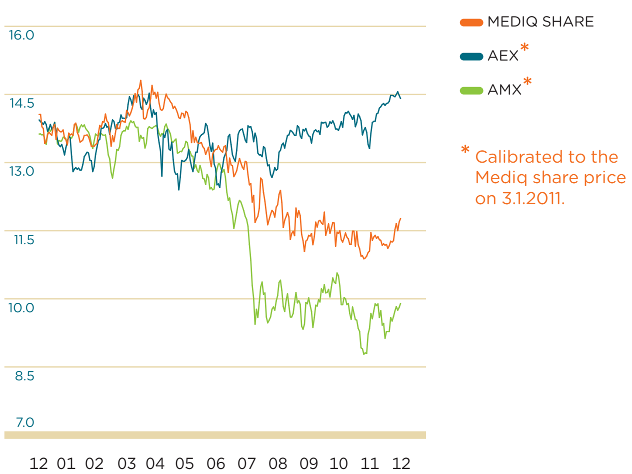
AVERAGE DAILY TRADING ON EURONEXT AMSTERDAM 2011

X 1,000 SHARES



SHARE PRICE IN 2011

X € 1



We regularly organise presentations and meetings for investors and analysts, including those to announce results. Analysts' presentations are broadcast live on the internet. We hold road shows in the Netherlands and abroad to meet existing and potential investors following publication of the results for the second and fourth quarters. In 2011, there were around 150 meetings with institutional investors during road shows, conferences and company visits.

We carry out the above activities in strict accordance with the requirements of NYSE Euronext and the Netherlands Authority for the Financial Markets. We comply with all best practice provisions in the new Dutch Corporate Governance Code that concern the relations of a company with its shareholders. We have drawn up a clear disclosure policy in which we describe how we provide information to investors, analysts, financial institutions, the press and other stakeholders. For more information, including press releases, presentations and the disclosure policy, please see www.mediq.com.

SHARE CAPITAL

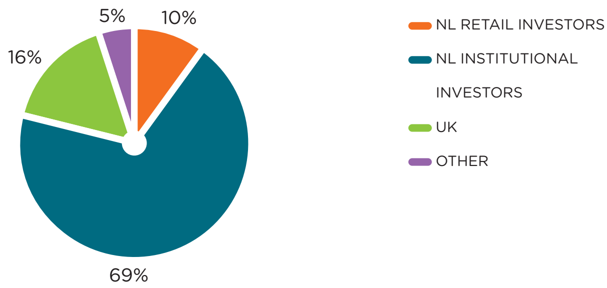
The authorised share capital of Mediq NV amounts to € 60 million, divided into 100 million ordinary shares with a nominal value of € 0.25 each, 5 million financing preference shares of € 1 each and 30 million preference shares of € 1 each. At 31 December 2011, 60,499,717 ordinary shares had been issued, of which 60,001,397 bearer shares and 498,320 registered shares. As of 28 July 2011, Mediq owns 3,535,215 shares. Mediq will ask the General Meeting of Shareholders on 11 April 2012 to approve the cancellation of these shares. See section 'Stichting Samenwerkende Apothekers OPG' for more information. None of the financing preference shares and preference shares have been issued. *Stichting Preferente Aandelen Mediq* (Foundation Preference Shares Mediq) has an option to acquire preference shares. See the section 'Foundation Preference Shares Mediq' for more information.

LISTING ON STOCK EXCHANGE

The ordinary shares have been listed on the NYSE Euronext Amsterdam stock exchange since 1992 and have been included in the Amsterdam Mid Cap Index since September 2008 (AMX). The ticker symbol is MEDIQ and the ISIN code is NL0009103530.

Mediq has an options listing on the NYSE Liffe options exchange in Amsterdam since October 2009. This meets the

DISTRIBUTION OF HOLDINGS OF SHARES* AT YEAR-END 2011



* On the basis of anonymous data provided by custodian banks.

demand from the market for this type of investment product. Trading in options on the shares raises Mediq's visibility in the financial world and can help to support the liquidity of the shares.

The share price declined by 16% in 2011. The general investment climate was very weak, especially in the second half of the year, under the influence of the debt crisis en highly uncertain economic outlook. The share outperformed the AMX, which declined by 27% during the year.

Pursuant to the Disclosure of Major Holdings in Listed Companies Act, the following investors have notified the Netherlands Authority for the Financial Markets of their holding of more than 5% in the issued share capital of Mediq NV (situation at the date of notification):

Delta Lloyd NV	5.57%	(6 May 2011)
Delta Lloyd Deelnemingen Fonds	5.02%	(24 August 2010)
Navitas BV	5.13%	(1 November 2006)
ING Investment Management	10.01%	(25 July 2008)
Silchester Investors International Limited	6.81%	(1 November 2010)
Mediq NV*	5.87%	(5 September 2011)

* The 3,535,215 shares acquired by Mediq on 28 July from Stichting Samenwerking Apothekers OPG carry no voting rights and no dividend rights. Mediq will ask the General Meeting of Shareholders on 11 April 2012 to approve the cancellation of these shares.

STICHTING SAMENWERKING APOTHEKERS OPG

Stichting Samenwerking Apothekers OPG (SSAO) was founded when the former cooperative OPG was listed on the stock exchange in 1992. The foundation's purpose was to support projects in the field of pharmaceutical care to enhance its quality and effectiveness.

Following consultation between the SSAO, Mediq and the tax authorities regarding the distributions by the SSAO, it was decided in 2011 to transfer the remaining assets and liabilities to Mediq and to liquidate the SSAO. Mediq has consolidated the SSAO as of 28 July 2011, giving Mediq the ownership of the 3,535,215 Mediq shares formerly held by SSAO. As a result, these shares carry no voting rights or dividend rights. This means that the number of issued shares carrying voting rights has been reduced by 5.87% from 60,173,120 to 56,637,905. Mediq will ask the General Meeting of Shareholders on 11 April 2012 to approve the cancellation of these shares.

RELEVANT TRADING DATA	2011	2010
Number of shares at year-end*	60,499,717	59,646,252
Highest price on Euronext Amsterdam	14.81	16.41
Lowest price on Euronext Amsterdam	10.88	12.25
Year-end price on Euronext Amsterdam	11.77	14.00
Price-earnings ratio at year-end	9.3	10.8
Market capitalisation at year-end (x € 1,000)	712,082	835,048
Average daily trading on Euronext Amsterdam (shares)	67,421	99,957

* Of which the 3,535,215 shares acquired by Mediq on 28 July from Stichting Samenwerking Apothekers OPG carry no voting rights and no dividend rights. The General Meeting of Shareholders will be asked on 11 April 2012 to approve the cancellation of these shares.

The lower average daily trading volume on NYSE Euronext Amsterdam is partly due to an increase in traded volumes on alternative trading platforms.

DIVIDEND POLICY

We aim to distribute about 35% of the net result as dividend, provided the result permits this. We distribute an interim dividend equal to one third (rounded) of the total dividend of the previous year, again provided that the profit reasonably permits this.

The proposed dividend for 2011 is € 0.46 per share, in line with the 2010 dividend. An amount of € 0.15 per share has already been distributed as interim dividend. Shareholders can elect to receive dividends in cash or in shares.

INFORMATION PER SHARE x € 1	2011	2010
Net earnings*	1.26	1.30
Diluted net earnings**	1.26	1.30
Dividend	0.46	0.46
Pay-out ratio	37%	35%

* Outstanding shares minus treasury shares (the 3,535,215 shares acquired by Mediq on 28 July 2011 from Stichting Samenwerking Apothekers OPG) carry no voting rights and no dividend rights. The General Meeting of Shareholders will be asked on 11 April 2012 to approve the cancellation of these shares.

** See note 14 to the Financial Statements for more information on the effect of dilution.

US PRIVATE PLACEMENT NOTES

We are also committed to keeping our noteholders up-to-date on the results and strategy of the company via regular updates. Since 2004 we have a US private placement programme in place, in which institutional investors from the USA and UK participate. In 2011 we successfully arranged financing on this market for a total amount of approximately $ 150 million, split in tranches of € 10 million and $ 137 million, with maturities of 7 and 10 years respectively.
Under this programme, at the end of 2011 we had an amount of € 158.7 million equivalent outstanding.
For a full overview of our debt position, please see note 28 to the Financial Statements. For a full overview of our debt repayment schedule, see section 'Report of the Management Board'.

FINANCIAL CALENDAR

The General Meeting of Shareholders is scheduled to take place on 11 April 2012 at 2:00 p.m. at Mediq's head office, Hertogswetering 159 in Utrecht. The agenda will be available from 29 February 2012 on www.mediq.com.

16 February 2012	Publication of 2011 full-year results
11 April 2012	General Meeting of Shareholders
13 April 2012	Ex-dividend date
17 April 2012	Dividend record date
18 April 2012	Start of cash or stock dividend option period
25 April 2012	Publication of first quarter 2012 results
3 May 2012	End of cash or stock dividend option period
4 May 2012	Publication of exchange ratio for final dividend
8 May 2012	Final dividend payable
26 July 2012	Publication of second quarter 2012 results
30 July 2012	Ex-dividend date
1 August 2012	Dividend record date
2 August 2012	Start of cash or stock dividend option period
15 August 2012	End of cash or stock dividend option period
16 August 2012	Publication of exchange ratio for interim dividend
20 August 2012	Interim dividend payable
26 October 2012	Publication of third quarter 2012 results
13 February 2013	Publication of 2012 full-year results
10 April 2013	General Meeting of Shareholders
12 April 2013	Ex-dividend date
16 April 2013	Dividend record date
24 April 2013	Publication of first quarter 2013 results
25 July 2013	Publication of second quarter 2013 results
23 October 2013	Publication of third quarter 2013 results

Dates subject to change.

CONTACT

For more information please contact:
Ms Catrien van Buttingha Wichers
Corporate Communications Director
Telephone +31 (0)30 282 16 09
Fax +31 (0)30 282 16 60
www.mediq.com
info@mediq.com

GROUP COMPANIES

At 1 February 2012

BUSINESS TO CONSUMER

DENMARK

Mediq Danmark
Supplier of medical devices to patients at home, healthcare institutions, GPs and bandagists.
Kornmarksvej 15-19, 2605 Brøndby, Copenhagen
Telephone +45 36 37 92 00
E-mail info@mediqdanmark.dk
Website www.mediqdanmark.dk

GERMANY

Assist
Supplier of medical devices for tube feeding, infusion therapy, ostomy, incontinence and wound care.
PO Box 104024, 66654 Merzig-Besseringen
Telephone +49 6861 900 0
E-mail kundenservice@assist.de
Website www.assist.de

Mediq Direkt Diabetes
Marketing and sales organisation for diabetes supplies.
Bärensteinerstraße 27-29, 01277 Dresden
Telephone +49 351 257 89 12
E-mail info@mediqdirekt.de
Website www.mediqdirekt.de

HUNGARY

Mediq Direkt
Marketing and sales organisation for medical devices, including wound treatment, ostomy and incontinence products.
2040 Budaörs Vasút u. 11
Telephone +36 23 80 28 81
E-mail secretary@mediqdirekt.hu
Website www.mediqdirekt.hu

NETHERLANDS

Mediq Apotheek
Pharmacy chain with nationwide presence. The Mediq Pharmacy formula is also offered as franchise format to independent pharmacies.
Mediq Apotheek Online offers both prescription pharmaceuticals and self-care products.
PO Box 2450, 3500 GL Utrecht
Telephone +31 30 282 19 11
E-mail info@mediq.nl
Website www.mediq-apotheek.nl
www.mediqonline.nl

Mediq CombiCare
Marketing and sales organisation for ostomy, incontinence and wound treatment products.
PO Box 468, 2800 AL Gouda
Telephone +31 182 62 24 44
E-mail info@combicare.nl
Website www.mediq.nl/combicare

Mediq Direct Diabetes
Marketing and sales organisation for diabetes supplies.
PO Box 211, 6900 AE Zevenaar
Telephone +31 316 58 26 90
E-mail info@mediqdirect.nl
Website www.mediq.nl/directdiabetes

Mediq Romedic
Market leader in the field of nebuliser therapy in the Netherlands.
Weerterveld 49, 6231 NC Meerssen
Telephone +31 43 365 02 56
E-mail info@mediqromedic.nl
Website www.mediq.nl/romedic

Mediq Tefa
Marketing and sales organisation for sale and leasing of medical devices for use in intensive home healthcare, in the fields of respiratory care, nutrition and infusion therapies.
PO Box 43050, 3540 AB Utrecht
Telephone +31 30 282 13 00
E-mail reactie@mediqtefa.nl
Website www.mediq.nl/tefa

Medisource
Secondment agency deploying healthcare staff.
PO Box 1174, 2280 CD Rijswijk
Telephone +31 70 340 83 33
E-mail info@medisource.nl
Website www.medisource.nl

ZorgService NL
Marketing and sales organisation specialising in providing services and products to nursing homes (in the fields of incontinence, diabetes, ostomy and wound treatment).
PO Box 427, 6900 AK Zevenaar
Telephone +31 316 58 26 58
E-mail info@zorgservice.nl
Website www.zorgservice.nl

NORWAY

Medicus Plesner
Supplier of medical devices (in the fields of ostomy, incontinence, urology and enteral nutrition) and pharmaceuticals.
Pilestredet 7, 0180 Oslo
Telephone +47 815 55 300
E-mail kundesenter@medicus-plesner.no
Website www.medicusplesner.no

Mediq Norge
Supplier of healthcare disposables to patients in home healthcare settings, healthcare institutions, GPs, pharmacies and bandagists.
PO Box 113, 2041 Kløfta
Telephone +47 67 02 43 00
E-mail kundeservice@mediqnorge.no
Website www.mediqnorge.no

POLAND

Mediq Apteka
Nationwide pharmacy chain.
ul. Domaniewska 50, 02-672 Warsaw
Telephone +48 22 611 47 60
E-mail info@mediqpolska.pl
Website www.mediqpolska.pl

USA

Byram Healthcare
Marketing and sales organisation for medical supplies in the fields of ostomy, incontinence, diabetes, wound care and enteral nutrition.
120 Bloomingdale Rd, White Plains, NY 10605
Telephone +1 914 284 20 00
E-mail sales@byramhealthcare.com
Website www.byramhealthcare.com

BUSINESS TO BUSINESS

BELGIUM

Medeco
Supplier of a wide range of healthcare disposables to hospitals, healthcare institutions, pharmacies and home healthcare organisations.
PO Box 1555, 3260 BB Oud-Beijerland, Netherlands
Telephone +31 186 63 44 00
E-mail info@medeco.nl
Website www.medeco.nl

DENMARK

Mediq Danmark
Supplier of medical devices to patients at home, healthcare institutions, GPs and bandagists.
Kornmarksvej 15-19, 2605 Brøndby, Copenhagen
Telephone +45 36 37 92 00
E-mail info@mediqdanmark.dk
Website www.mediqdanmark.dk

ESTONIA

Mediq Eesti
Supplier of medical devices to healthcare institutions, GPs and laboratories.
Kungla 2, 76505 Saue, Harjumaa
Telephone +372 6 51 51 51
E-mail mediq@mediq.ee
Website www.mediq.ee

FRANCE

NM Médical
Supplier of medical devices and equipments to healthcare professionals, mainly GPs and physiotherapists (the latter via the Kinessonne brand).
200 Avenue des Grésillons, 92600 Asnières sur Seine
Telephone +33 1 41 32 40 00
Website www.nmmedical.fr

LATVIA

Mediq Latvija
Supplier of medical devices to healthcare institutions, GPs and laboratories.
Dzelzavas iela 120 M, 1021 Riga
Telephone +371 67 80 24 63
E-mail mediq@mediq.lv
Website www.mediq.lv

LITHUANIA

Mediq Lietuva
Supplier of medical devices to healthcare institutions, GPs and laboratories.
Laisves pr. 75, 06144 Vilnius
Telephone +370 5 268 84 51
E-mail mediq@mediq.lt
Website www.mediq.lt

NETHERLANDS

DSN Trade
Supplier of a wide range of medical devices, disposables and equipment to wholesalers within the European Union.
PO Box 784, 9700 AT Groningen
Telephone +31 594 58 77 30
E-mail info@dsntrade.com
Website www.dsntrade.com

Medeco
Supplier of a wide range of healthcare disposables to hospitals, healthcare institutions, pharmacies and home healthcare organisations.
PO Box 1555, 3260 BB Oud-Beijerland
Telephone +31 186 63 44 00
E-mail info@medeco.nl
Website www.medeco.nl

Mediq Central Filling
Specialised pharmacy handling the routine procedures relating to repeat medication, for both Mediq Pharmacies and independent customers of Mediq Groothandel.
Antennestraat 44, 1322 AE Almere
Telephone +31 36 536 49 57
E-mail centralfilling@mediq.nl

Mediq Groothandel
Full-range pharmaceuticals wholesaler serving pharmacies. Mediq Groothandel has two distribution centres, in Staphorst and Oss.
PO Box 2450, 3500 GL Utrecht
Telephone +31 30 282 19 11
E-mail KlantContactCentrum@mediq.com
Website www.mediq.nl/groothandel

Mediq Logistiek
Delivery of pharmaceuticals on behalf of Mediq Groothandel to pharmacies, and to patients (for medical devices and pharmaceuticals ordered through Mediq Apotheek Online and direct business units).
Kryptonstraat 40, 6718 WR Ede
Telephone +31 318 66 50 50
E-mail planning@mediq-logistiek.nl

Mediq Medico
Full-range pharmaceuticals wholesaler, exclusively supplying dispensing GPs. Mediq Medico also offers a wide range of support services for GPs.
PO Box 8523, 3503 RM Utrecht
Telephone +31 30 282 19 11
E-mail KlantContactCentrum@mediq.com
Website www.mediq.nl/medico

Mediq Pharma Services
Full-range pharmaceuticals wholesaler for hospitals and nursing homes, also providing an extensive range of support services in the fields of business finance and expert knowledge. Delivery of biopharmaceuticals to patients in homecare situations.
PO Box 1015, 3430 BA Nieuwegein
Telephone +31 30 753 27 00
E-mail info@mediqpharmaservices.nl
Website www.mediq.nl/pharmaservices

Mediq Systemfarma
A specialised pharmacy that packs oral medication for chronically ill people at a patient level by time of ingestion.
PO Box 231, 3360 AE Sliedrecht
Telephone +31 184 49 38 38
E-mail info@systemfarma.nl
Website www.mediq.nl/systemfarma

Polyfarma
Trading organisation specialising in the direct import of medicines from other EU member states. The medicines are marketed as specialities in the Netherlands.
PO Box 5024, 9700 GA Groningen
Telephone +31 50 368 64 64
E-mail info@polyfarma.nl

Red Swan Pharma Logistics
Logistics service provider for third parties, primarily for manufacturers.
PO Box 40347, 3504 AC Utrecht
Telephone +31 30 247 31 11
E-mail info@red-swan.nl
Website www.red-swan.nl

Vermeulen Medical
Supplier of a wide range of medical devices for obstetricians.
Kryptonstraat 1, 6718 WR Ede
Telephone +31 318 64 34 24
E-mail info@vermeulenmedical.nl
Website www.vermeulenmedical.nl

NORWAY

Mediq Norge
Supplier of healthcare disposables to patients in home healthcare settings, healthcare institutions, GPs, pharmacies and bandagists.
PO Box 113, 2041 Kløfta
Telephone +47 67 02 43 00
E-mail kundeservice@mediqnorge.no
Website www.mediqnorge.no

POLAND

ACP Pharma
Full-service wholesaler for pharmacies and service provider for the pharmaceuticals industry.
ul. Domaniewska 50, 02-672 Warsaw
Telephone +48 22 611 47 60
E-mail poczta@acppharma.pl
Website www.acppharma.pl

FINLAND

Mediq Suomi
Supplier of medical devices and logistics solutions to healthcare institutions and suppliers. Also supplier of laboratory products and medical equipment (including installation and maintenance).
PO Box 115, 02201 Espoo
Telephone +358 20 112 15 00
E-mail asiakaspalvelu@mediq.fi
Website www.mediq.fi

SWEDEN

Mediq Sverige
Supplier of medical devices and logistics solutions to healthcare institutions and suppliers.
PO Box 302, 431 24 Mölndal
Telephone +46 31 388 90 00
E-mail info@mediqsverige.se
Website www.mediqsverige.se

Meteko
Supplier of medical devices to healthcare institutions, GPs and laboratories, often on an exclusive basis.
PO Box 410, 129 04 Hagersten
Telephone +46 8 88 03 60
E-mail marknad@meteko.se
Website www.meteko.se

SWITZERLAND

Mediq Suisse
Supplier of medical devices to nursing and care homes, at the field of incontinence, wound treatment and skin care.
PO Box 2004, 8502 Frauenfeld
Telephone +41 52 720 25 26
E-mail info@mediqsuisse.ch
Website www.mediqsuisse.ch

SENIOR MANAGEMENT MEDIQ

Mediq Business Leadership Program, December 2011

TEN-YEAR SUMMARY *

X € 1,000,000	2011	2010	2009
	IFRS		
BALANCE SHEET			
Intangible assets	520.6	404.1	328.1
Property, plant and equipment	116.3	111.6	126.1
Non-current financial assets	10.5	11.3	29.7
Current assets	697.3	639.9	624.2
Derivative financial instruments	8.0	0.4	–
Deferred tax and pension assets	23.5	28.6	31.3
Total assets	**1,376.2**	**1,195.8**	**1,139.4**
Total equity	**556.7**	**510.2**	**454.1**
Non-current liabilities			
Borrowings	345.7	210.5	195.5
Derivative financial instruments	5.0	6.7	8.8
Deferred tax	27.7	22.1	14.4
Retirement and other employee benefit obligations	2.8	12.1	1.3
Other provisions	8.4	12.9	19.8
Current liabilities	429.9	421.3	445.5
Total equity and liabilities	**1,376.2**	**1,195.8**	**1,139.4**
Capital employed	874.3	741.0	667.4
Working capital	203.4	185.2	151.2
INCOME STATEMENT			
Net sales	2,657.7	2,633.9	2,602.7
Gross profit	645.1	590.6	546.0
Operating expenses and other income	534.0	476.1	429.9
Operating result	111.1	114.5	116.1
Net result	73.4	76.7	74.5
OTHER KEY FIGURES			
Balance sheet			
AS % OF TOTAL ASSETS			
Total equity	40.5%	42.7%	39.9%
Capital employed	63.5%	62.0%	58.6%
Working capital	14.8%	15.5%	13.3%
Income statement			
AS % OF NET SALES			
Operating result	4.2%	4.3%	4.5%
Net result	2.8%	2.9%	2.9%
GROWTH IN %			
Net sales	0.9%	1.2%	– 4.7%
Operating result	3.0%	– 1.3%	> 100%
Net result	– 4.3%	2.9%	> 100%

* The figures in this summary have not been restated for changes in accounting policies implemented during the ten-year period.

IFRS					NL RJ		
2008	**2007**	**2006**	**2005**	**2004**	**2004**	**2003**	**2002**
338.8	435.0	364.9	321.5	292.9	282.4	245.9	208.1
134.5	119.2	103.4	102.2	98.5	105.6	113.4	94.7
29.3	48.5	51.8	49.6	48.3	35.8	41.3	48.5
592.5	538.2	497.3	478.4	445.1	443.7	425.4	440.7
0.1	–	–	2.4	–			
22.0	31.3	33.4	14.5	9.7			
1,117.1	**1,172.2**	**1,050.8**	**968.4**	**894.4**	**867.5**	**826.0**	**792.0**
379.1	**578.3**	**511.2**	**440.4**	**393.6**	**404.6**	**364.5**	**324.6**
280.1	164.6	131.9	109.5	98.3	98.6	39.7	55.5
7.9	4.5	2.0	–	2.6			
12.2	19.3	7.8	8.8	12.6			
17.8	2.0	26.4	38.2	39.4			
9.4	5.4	10.1	9.3	15.2	31.6	46.7	49.3
410.7	398.1	361.4	362.3	332.6	332.8	375.1	362.6
1,117.1	**1,172.2**	**1,050.8**	**968.4**	**894.4**	**867.5**	**826.0**	**792.0**
706.1	787.8	700.5	636.5	615.9	591.2	559.4	490.2
180.6	152.5	146.1	147.5	166.1	165.7	157.1	134.3
2,730.2	2,476.7	2,281.0	2,229.0	2,071.3	2,072.1	2,098.3	2,093.5
543.2	494.8	448.3	410.9	387.1	387.7	389.5	348.7
646.1	360.3	318.1	298.8	287.7	310.7	294.1	268.1
– 102.9	134.5	130.2	112.1	99.4	77.0	95.5	80.6
– 127.9	93.0	99.9	81.8	67.1	53.2	61.7	64.0
33.9%	49.3%	48.6%	45.5%	44.0%	46.6%	44.1%	41.0%
63.2%	67.2%	66.7%	65.7%	68.9%	68.2%	67.7%	61.9%
16.2%	13.0%	13.9%	15.2%	18.6%	19.1%	19.0%	17.0%
– 3.8%	5.4%	5.7%	5.0%	4.8%	3.7%	4.5%	3.9%
– 4.7%	3.8%	4.4%	3.7%	3.2%	2.6%	2.9%	3.1%
10.2%	8.6%	2.3%	7.6%	N/A	– 1.2%	0.2%	8.0%
<-100%	3.3%	16.1%	12.8%	N/A	– 19.3%	18.5%	0.0%
<-100%	– 6.9%	22.1%	21.8%	N/A	– 13.9%	– 3.6%	– 7.6%

TEN-YEAR SUMMARY*

X € 1,000,000		IFRS	
	2011	2010	2009
Ratios			
Return on average equity	14.3%	16.9%	18.6%
Return on average capital employed	14.1%	15.4%	16.9%
Total asset turnover rate	2.1	2.3	2.3
Capital employed turnover rate	3.3	3.8	3.8
Interest cover	13.9	11.8	8.9
Yield on equity certificates**			
X 1,000			
Nominal average number of shares in fully paid-up equivalents***	58,464	59,194	58,632
PER SHARE, X € 1			
Net earnings	1.26	1.30	1.27
Dividend	0.46	0.46	0.44
Equity	9.47	8.25	7.48
X 1,000			
Nominal average number of shares assuming all converted***	58,464	59,194	58,792
PER NOMINAL SHARE, X € 1			
Net diluted earnings	1.26	1.30	1.27
PER SHARE, X € 1			
Market price – high	14.85	16.41	13.20
Market price – low	10.80	12.08	6.08
Market price – year-end	11.77	14.00	12.89
Price/earnings ratio at year-end	9.3	10.8	10.1
Employees			
IN FTES			
Average number of employees (excluding temporary)	6,637	6,346	6,273
PER EMPLOYEE, X € 1,000			
Gross profit	97.2	93.1	87.0
Wage costs	41.0	40.4	38.4

* The figures in this summary have not been restated for changes in accounting policies implemented during the ten-year period.
** Recalculated for the 4:1 share split as from 17 April 2007.
*** Calculated under Dutch GAAP based on the number of shares at the end of the year.

IFRS					NL RJ		
2008	2007	2006	2005	2004	2004	2003	2002
– 27.0%	17.6%	21.7%	20.7%	19.6%	14.9%	19.4%	23.7%
– 13.1%	18.1%	19.5%	17.9%	16.9%	13.4%	18.2%	18.5%
2.4	2.2	2.3	2.4	2.4	2.5	2.6	2.8
3.7	3.4	3.4	3.6	3.5	3.6	4.0	4.8
7.6	14.5	17.2	15.2	15.7	20.0	29.4	15.8
58,438	58,380	58,372	58,120	57,784	57,944	57,568	56,592
– 2.19	1.59	1.71	1.41	1.16	0.93	1.07	1.13
0.30	0.54	0.50	0.43	0.36	0.37	0.36	0.35
6.25	9.61	8.47	7.32	6.28	6.47	5.90	5.45
59,305	59,837	60,776	61,760	62,872	62,708	63,376	63,420
– 2.19	1.55	1.64	1.32	1.07	0.84	0.98	1.01
19.80	28.50	22.58	16.84	11.19	11.19	9.13	11.98
8.40	18.50	15.05	10.71	8.88	8.88	6.15	7.38
9.29	19.00	22.25	15.08	10.75	10.75	9.01	8.20
– 8.7	11.9	13.0	10.7	9.2	11.7	8.3	7.3
6,386	5,830	5,462	5,169	5,015	5,017	4,920	4,535
85.0	85.1	83.0	79.5	77.2	77.3	79.2	76.9
37.3	34.1	33.1	32.1	31.9	32.2	31.9	31.2

GLOSSARY OF TERMS

The terms defined here fall into two categories: financial concepts and general definitions used in the markets where Mediq operates.

FINANCIAL

Capital employed – Property, plant and equipment, and intangible assets, plus financial assets (excluding derivative financial instruments), working capital, assets available for sale and deferred tax assets.

Capital employed turnover rate – Net sales plus other income for the current financial year divided by average capital employed calculated on the basis of the balances at the end of the previous and current financial years.

Customer relationship – Comprises an intangible asset whose value depends largely on logistical performance, service supplied and accessibility via internet and telephone. These factors in combination determine customers' assessment of the entities concerned and what motivates them to remain a customer.

Days of Payables Outstanding (DPO) – Reflects the amount of trade payables expressed as cost of sales per day. A higher DPO signifies lower working capital tied up.

Days of Sales Outstanding (DSO) – Reflects the amount of trade receivables expressed as net sales to third parties per day. A higher DSO signifies a higher payment term for customers and higher working capital tied up.

Debt cover – The debt cover has been agreed with the principal providers of interest-bearing debt to the group and is included in the relevant finance contracts.
Debt cover is calculated as follows:

x € 1,000	2011	2010
Net debt	278,277	177,450
Operating result before depreciation, amortisation and impairment (EBITDA)	149,016	150,349
Plus: share of profit of associates	984	1,099
Plus: EBITDA on acquisitions and disposals translated to a full reporting period	15,900	3,750
Subtotal	**165,900**	**155,198**
Debt cover	**1.7**	**1.1**

EBITA – Operating result before amortisation of customer relationships.

EBITA from ordinary activities – EBITA adjusted for non-operational items.

Economic profit – Consists of the surplus of the operating result (including depreciation, amortisation and impairments) net of the return on capital invested demanded by investors.

Effective tax rate – Reflects reported income tax expense divided by profit before income tax.

Free cash flow – Cash flow from operating activities less additions to non-current assets.

Fully paid-up equivalents – The nominal number of shares adjusted for the extent to which they are paid up.

Interest-bearing debt – Long-term debts plus amounts owed to credit institutions, adjusted for the currency swaps hedging these borrowings.

Interest cover – The interest cover has been agreed with the principal providers of interest-bearing debt to the group and is included in the relevant finance contracts. Interest cover is calculated as follows:

x € 1,000	2011	2010
Operating result before depreciation, amortisation and impairment (EBITDA)	149,016	150,349
Plus: share of profit of associates	984	1,099
Plus: EBITDA on acquisitions and disposals translated to a full reporting period	15,900	3,750
Subtotal	**165,900**	**155,198**
Interest on interest-bearing debt and finance lease	11,960	13,159
Interest cover	**13.9**	**11.8**

Net debt – The net debt level has been agreed with the principal providers of interest-bearing debt to the group and is included in the relevant finance contracts. Net debt is calculated as follows:

x € 1,000	2011	2010
Interest-bearing debt	349,708	243,083
Less: cash and cash equivalents	67,155	67,196
Plus: currency component of the combined currency and interest rate swap	– 4,276	1,563
Net debt	**278,277**	**177,450**

Net result from ordinary activities – Net result before amortisation customer relationships after corporate income tax and adjusted for non-operational items after corporate income tax.

Operating margin – Operating result as a percentage of net sales.

Provisions

Addition

Increase in a provision charged to profit or loss or to equity.

Use

Reduction in a provision as a result of actual expenditure.

Release

Reduction in a provision released to profit or loss or to equity.

Return on average capital employed – Operating result for the current financial year divided by average capital employed.

Return on average equity – Net result for the current financial year divided by average equity.

Total assets – Balance sheet total.

Total asset turnover rate – Net sales plus other income for the current financial year divided by average capital employed calculated on the basis of the balances at the end of the previous and current financial years.

Total number of ordinary shares after conversion – The nominal number of shares assuming that all outstanding B shares are converted into A shares and the premium still to be paid has been remitted.

Weighted Average Cost of Capital – The return on capital assumed by Mediq to be required, based on a normative ratio of equity to loan capital.

Working capital – Current assets (excluding cash and cash equivalents, assets available for sale, derivative financial instruments) less current debt (excluding amounts owed to credit institutions and derivative financial instruments).

GENERAL

Baltics – Estonia, Latvia and Lithuania.

Biopharmaceuticals – High-value pharmaceuticals manufactured using living organisms such as yeasts and bacteria.

CNG – Compressed Natural Gas.

CO_2 emission – Carbon dioxide emission.

Combined transport – Transport of goods for more than one customer.

COSO – The Committee of Sponsoring Organisations of the Treadway Commission. This organisation provides a framework for enterprise management.

Dedicated transport – Own transport or outsourced transport with transport of goods for only one company.

GLOSSARY OF TERMS

Direct channel – A channel by which supplies are delivered directly to people in home healthcare settings.

Employee turnover rate – Number of employees who left the company in headcount/average number of employees in headcount (voluntary and involuntary).

Enteral nutrition – Drink and tube feeding. Tube feeding uses flexible thin tubing through which the liquid food reaches the stomach or intestine.

Exclusive products – Products marketed by Mediq as the single distributor.

GDP – Good Distribution Practice.

Generic pharmaceuticals – Pharmaceuticals whose patent has expired and which may, therefore, be developed and produced by other manufacturers. A generic pharmaceutical has to go through the same approval procedure as the original branded product before it can be put on the market.

GPS – Global Positioning System.

GRI – Global Reporting Initiative.

Headcount levels – Actual number of individuals on a firm's payroll.

HKZ – Stichting Harmonisatie Kwaliteitsbeoordeling in de Zorgsector (for the harmonisation of quality assessment in the healthcare sector). An organisation that has set standards for a certification scheme for Dutch community pharmacies, known as HKZ certification.

HR – Human Resource.

ILO – International Labour Organisation.

Institutional channel – A channel by which supplies are delivered to patients through hospitals and other institutions.

ISO standard – Standards of the International Organisation for Standardisation.
ISO 1348
A quality management standard for medical devices.
ISO 14001
A set of environment management systems and standards.
ISO 9001
A set of internationally agreed standards that provide guidelines for a Quality Management System.
ISO HKZ
A set of standards for healthcare organisations in the Netherlands.

KPI – Key Performance Indicator.

LNG – Liquefied Natural Gas.

LTI – Lost-Time Injury.

Medical devices – A collective name for a wide range of products that people need to continue functioning independently. Mediq focuses mainly on disposables and nutritional products such as ostomy aids, incontinence materials, aids for people with diabetes, enteral feeding, and infusion and breathing equipment.

Nordics – Norway, Sweden, Denmark and Finland. Iceland is formally also part of the Nordics but at present we do not have any activities there.

OTC products – Over the counter (OTC) products are healthcare products obtainable without a prescription, such as paracetamol, cough mixtures, skin care products, homeopathic remedies and other pharmacy items.

PDA – Personal Digital Assistant.

Pre-wholesale – An additional link in the logistics chain between manufacturer and wholesaler.

Private label products – Products with a Mediq brand and manufactured by a third party producer.

Self-care products – Healthcare products obtainable without a prescription.

WEEE – Waste Electrical and Electronic Equipment.

Wholesale market – The market for wholesaling activities serving pharmacies and dispensing GPs.

Mediq
Hertogswetering 159
3543 AS Utrecht
The Netherlands
T +31 (0)30 282 19 11
F +31 (0)30 289 66 50
E-mail info@mediq.com
www.mediq.com

Photography
De Beeldredaktie
Lara van Brussel
C&F Report
Reinier Gerritsen
Darek Iwanski
Karen Kaper
Han Lans
Junna Lussa
NFP Photography
José van Riele
Sandra Ritschel
Ulrich Rokosch
Kaari Saarma
Martin Vuks
Paweł Wocal

Concept & realisation
C&F Report Amsterdam B.V.

FSC
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MIX
Paper from responsible sources
FSC® C019064

Committed to your care

Mediq
Hertogswetering 159
3543 AS Utrecht
The Netherlands
T +31 (0)30 282 19 11
F +31 (0)30 289 66 50
E-mail info@mediq.com
www.mediq.com