MEDIQ

Half-year report 2011

Contents

Half-year report of Mediq NV

Introduction

Mediq is an international healthcare company providing medical devices, pharmaceuticals and the associated care. The patient is at the center of everything we do. Mediq delivers via three distribution channels: directly to people's homes (Mediq Direct), via hospitals, nursing homes and other healthcare institutions (Mediq Institutional) and via Mediq Pharmacies. Mediq operates in 15 countries: the Netherlands, Poland, the United States, Denmark, Germany, Norway, Sweden, Finland, France, Hungary, Switzerland, Belgium, Estonia, Latvia and Lithuania. Its head office is located in Utrecht, the Netherlands. The company was incorporated in 1899 and has around 8,200 employees. Its shares have been listed on NYSE Euronext Amsterdam since 1992, where they are included in the Midcap index.

This document comprises the half-year report and the half-year financial statements of Mediq NV for the six-month period ended on 30 June 2011. The consolidated half-year financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". As permitted under IAS 34, these consolidated half-year financial statements do not contain all information that is required for financial statements and must, therefore, be read in conjunction with the consolidated financial statements 2010.

The half-year financial statements have not been audited or reviewed by the external auditor.

The Management Board declares, in accordance with Section 5:25d, paragraph 2, subsection c., of the Dutch Financial Supervision Act (Wet op het financieel toezicht, "Wft"), that to the best of its knowledge:

- the half-year financial statements give a true and fair view of the assets, liabilities and financial position as at 30 June 2011 and the result for the first six months of 2011 of Mediq NV and the entities included in the consolidation; and
- the half-year report gives a true and fair view of the situation as at 30 June 2011, the developments during the first six months of 2011 of Mediq NV and its related companies whose information has been included in this half-year report, and of the expected developments for the remaining months, subject to the limitations described below in italics, of the current financial year.

Utrecht, the Netherlands
28 July 2011

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

This half-year 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 laws and regulations, case law, market developments and operating policies of healthcare insurers. Mediq NV would like to stress that the contents of this press release are based on the information that is currently available. The reality can always deviate from expectations for the future.

Summary of results

(X € 1,000,000)	1st half year 2011	1st half year 2010	Increase/ decrease
Income statement			
Net sales	1,356.8	1,273.3	7%
EBITA from ordinary activities *	59.8	52.9	13%
EBITA	58.9	55.5	6%
Amortisation of customer relationships	5.0	2.5	
EBIT	53.9	53.0	
Net finance costs	- 6.7	- 4.6	
Share of profit of associates	0.3	0.6	
Income tax expense	- 11.6	- 11.3	
Profit after income tax attributable to:	35.9	37.7	- 5%
− owners of the Company **(Net result)**	34.7	36.4	- 5%
− non-controlling interests	1.2	1.3	
Balance sheet			
Working capital	222.7	193.9	15%
Capital employed	785.1	796.2	- 1%
Net debt	200.2	272.2	- 26%
Cash flow			
Cash flow from operating activities	15.2	19.4	- 22%
Additions to non-current assets	10.9	7.3	49%
Acquisitions	22.2	94.2	
Ratios and returns			
EBITA margin	4.3%	4.4%	
EBITA margin from ordinary activities *	4.4%	4.2%	
Earnings per share (x € 1)	0.58	0.62	- 6%
Return on average capital employed	14.1%	14.8%	
Return on average equity	13.7%	16.4%	
Interest cover	12.6	10.4	
Debt cover	1.3	1.9	
Personnel			
Average number of employees (FTE, including temporary)	7.246	6.890	5%

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

EBITA and net result adjusted for amortisation of customer relationships and non-operational items:

(X € 1,000,000)	1st half year 2011	1st half year 2010	Increase/ decrease
EBITA	**58.9**	**55.5**	6%
Release of provision for taxation (Other)	- 1.1		
Provision (Other)	2.0		
Release of provision for legal claims (Pharmacies Poland)		- 0.6	
Book profit on sale & lease-back Belgium (Other)		- 2.4	
Result of Anzag (Other)		0.4	
EBITA from ordinary activities	**59.8**	**52.9**	13%
Net result	**34.7**	**36.4**	- 5%
Amortisation of customer relationships after corporate income tax	**3.6**	1.8	
Above adjustments after corporate income tax	**0.7**	- 1.7	
Net result from ordinary activities	**39.0**	**36.5**	7%

Review of the first half year of 2011

Operational highlights

- **Direct & Institutional**:
  - Sales growth of 24% mainly due to acquisition in the Nordics & Baltics (31 May 2010).
  - Acquisitions: NM Médical (France) consolidated as of 30 April and Romedic (Netherlands) consolidated as of 1 February; integration on track for both acquisitions. Acquisition of Medicus Plesner completed at 1 July; completion of acquisition of PBG (Netherlands) is expected by 1 August.
  - Growth of EBITA from ordinary activities of 14% due to strong growth in the Netherlands and the Nordics.
- **Pharmacies Netherlands**:
  - Sales decrease of 4% mainly due to the effect of merger of Dutch activities of Lloyds and Brocacef as from June 2010.
  - Higher result due to effect of reorganisation provision in comparative period in 2010 and a number of one-off items.
  - Improved efficiencies as a result of combining the transport activities for Mediq Direct and Mediq Pharmacies.
  - Launch of Mediq Pharmacy Online.
- **Pharmacies Poland**:
  - Sales decrease of 2% mainly due to wholesale activities.
  - Sales growth of 3% for pharmacies, slightly above market growth.
  - Lower result of wholesale activities due to strong price competition ahead of upcoming new legislation (as of 2012)

Review of financial performance[1]

Mediq's sales increased by 7% in the first half-year of 2011 compared to the same period in 2010. This increase was mainly attributable to acquisitions at Direct & Institutional. Sales at Direct & Institutional rose 3% on an organic basis due to strong growth in the Netherlands, Denmark and Norway. Sales at Pharmacies Netherlands decreased by 4% on an organic basis, mainly due to the merger of the Dutch activities of Lloyds and Brocacef. Sales at Pharmacies Poland decreased by 3% on an organic basis, mainly due to a loss of market share at our wholesale activities, related to strong price competition ahead of upcoming new legislation (as of 2012).

EBITA increased by € 3.4 million to € 58.9 million. Excluding non-operational items EBITA increased by € 6.9 million (13%). EBITA from ordinary activities at Direct & Institutional rose € 5.8 million. EBITA at Pharmacies Netherlands increased by € 3.4 million, partly due to the effect of a reorganisation provision of € 2.9 million in 2010. EBITA from ordinary activities at Pharmacies Poland decreased by € 0.4 million.

Net finance costs were up € 2.1 million from the first half year of 2010 which was wholly due to the adverse effect of forward currency contracts. In the same period of 2010 finance costs had, by contrast, benefited from favourable effects of forward currency contracts. Despite the lower profit before income tax and the lower non-deductible costs, taxation was € 0.3 million higher than in the first half year of 2011. This was attributable to the release of a tax provision in the first half year of 2010. The net result declined by € 1.7 million on balance.

Sales at **Direct & Institutional** increased by 24%. Organic sales growth contributed 3% and acquisitions added 22%, partly offset by a negative currency effect of 1%, mainly because of a lower exchange rate for the US dollar. Most of the growth from acquisitions arose from the acquisition of the healthcare activities of Oriola-KD in the Nordics & Baltics on 31 May 2010. The acquisition of NM Médical in France was completed as of 30 April 2011. NM Médical

[1] See note 2 to the half-year financial statements (segment reporting – results per segment)

supplies a broad range of medical devices to healthcare professionals, mainly GPs and physiotherapists.

In the Netherlands, organic growth was achieved mainly in deliveries of medical supplies in home healthcare settings. Growth was achieved across virtually all product groups. In other countries, organic growth was mainly achieved in the United States (all product groups except for diabetes), Denmark and Norway.

EBITA from ordinary activities rose 14% to € 48.7 million, due to the acquisitions referred to above and sales growth in the Netherlands and the Nordics. EBITA was negatively impacted by price and margin pressure in the hospital segment for medical devices in the Netherlands, as a consequence of increased raw materials prices that we can only pass on to customers with some delay.

The EBITA margin from ordinary activities at 8.4% was down 0.8 percentage points from the same period of last year due to mix effects.

Sales at **Pharmacies Netherlands** decreased by 4%. This was mainly attributable to our wholesale activities. As of June 2010, 30 Lloyds customers left due to the merger of the Dutch activities of Lloyds and Brocacef. Sales in our pharmacies were at the same level as last year. Price decreases due to the preference policy and a lower dispensing fee were compensated by an increase in the number of prescription lines.

EBITA from ordinary activities increased by € 3.4 million. A provision of € 2.9 million was recognised in the first half year of 2010, relating to the reorganisation in progress since mid-2008. Excluding this effect, EBITA was slightly higher than last year due to a number of one-off operational items.

Sales at **Pharmacies Poland** fell by 2%. This was the result of a positive effect from the higher exchange rate for the Polish zloty (+ 1%) combined with an organic sales decrease of - 3%. Wholesaling sales were lower due to strong price competition ahead of upcoming new legislation (as of 2012). Sales in pharmacies were up 3%, with 2% coming from organic growth and 1% from currency effects.

EBITA from ordinary activities amounted to € 1.2 million; a decrease of € 0.4 million. The main driver behind this was the lower sales level combined with slightly lower gross margins. The non-operational item of € 0.6 million in the first quarter of 2010 was a release of a provision for legal proceedings.

EBITA from ordinary activities of **Other** was down € 1.9 million from the same period in 2010. This was attributable to higher consultancy costs, which in the main were one-off. The non-operational items in the first half year of 2011 related to the partial release of a tax provision of € 1.1 million and the recognition of provisions for a total amount of € 2.0 million.

Cash flow and financing

Net cash flow was € 39.1 million negative, € 39.1 million higher than the first half year of 2010. Cash flow from operating activities amounted to € 15.2 million (first half year of 2010: € 19.4 million). The lower operational cash flow was mainly caused by movements in working capital; a decrease in current liabilities and an increase in current receivables. The negative cash effect from working capital movements was partly offset by lower tax payments.

The cash outflow for investing activities in the first half year of 2011 was € 29.4 million (first half year of 2010: € 92.5 million). This was mainly the result of acquisitions (€ 22.2 million: NM Médical in France and Romedic in the Netherlands) and additions to non-current assets of € 10.9 million (first half year of 2010: € 7.3 million). Cash outflow from acquisitions in the first half year of 2010 amounted to € 94.1 million, primarily due to the acquisition in the Nordics & Baltics.

The cash outflow for financing activities was € 24.9 million (first half year of 2010: € 5.1 million) as a result of the final dividend paid for 2010 and repayments of loans.

We comfortably comply with our bank covenants. The debt ratio and the interest cover were 1.3 and 12.6, respectively. Compared to last year both ratios improved significantly. The covenants applying to our loans and credit facilities are a maximum debt ratio (net debt/EBITDA) of 3.5 and a minimum interest cover of 5.0 (EBITDA/interest charge).

Outlook 2011

EBITA is expected to be between € 123 million and € 127 million. Any additional non-operational items in the second half year have not been included.

Risk management

The Annual Report for 2010 provides, in the section on Risk Management (pages 70 to 75), a description of our risk management, risk profile and the main risks. In our judgement, the nature and potential impact of those risks continue to apply to the second half year of 2011. Additionally, the following developments are relevant to a number of risks.

Local regulations and economic conditions

Government regulations play an important role in the markets in which we operate. We are experiencing increasing pressure on our margins in the countries in which we operate, often due to the wish to reduce government deficits as a result of the debt crisis. 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 and investing in high-quality services at competitive prices. Mediq's increased international presence strengthens our ability to succeed. That is because customers, who increasingly act as healthcare consumers, will determine their choice of healthcare providers on the basis of the convenience and service on offer.

Although the impact of the current challenging economic conditions on our business operations has been limited, a further economic downturn can adversely impact our results, due to declining prices and increased debtor risks. To minimise the risks, we have tightened the monitoring of our debt management procedures and apply more stringent procedures for cash management and working capital management.

We have a strong financing position. We funded the acquisitions in the first half year of 2011 from the available cash position and existing credit facilities. In addition, we expect to complete the refinancing of a portion of our credit facilities in the course of the third quarter. Net debt and the net debt ratio have increased compared to the end of 2010 due to the acquisitions in the first half year of 2011. The interest cover has improved slightly compared to year-end 2010.

IT integration of acquired companies

After the acquisition of the healthcare activities of Oriola-KD on 31 May 2010, we started implementing our integration programme, which addresses all relevant aspects of operations. We completed the IT integration in Finland and the Baltics in the past half year and we expect to finalise the IT integration in Sweden in the second half of this year. The IT integration for newly acquired business units will be investigated.

Compliance checks by healthcare insurers

As described in the Annual Report 2010 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 all business units and will focus on process improvements when applicable in order to mitigate the risks involved.

Revenue recognition

As a result of recent acquisitions, the accounting for revenue for distribution arrangements has been identified as a matter for further consideration. The classification of contracts as gross or net is based on the evaluation of a number of criteria and is a judgemental area. We will complete a review of all relevant distribution contracts in the course of this year and will provide business units with additional guidelines in order to ensure group-wide consistency.

National distribution centre Poland

We made progress on the identified points for improvement within the national distribution centre in Poland. Review has taken place to further strengthening the organisational capacities to adequately address the operational challenges in the Polish market.

Other

New risks may arise in the second half of 2011 that are not known at present and that could have a material effect on our activities, objectives, results and assets. We will closely follow developments relating to risks known to us and to any new risks, and where necessary introduce supplementary controls and take mitigating action.

Half-year financial statements of Mediq NV

Unaudited

Consolidated income statement

2nd quarter 2011	2nd quarter 2010	(X € 1,000,000)	NOTE	1st half year 2011	1st half year 2010
684.4	644.9	Net sales	2	1,356.8	1,273.3
523.6	499.3	Cost of sales		1,043.2	992.2
160.8	**145.6**	**Gross profit**		**313.6**	**281.1**
1.0	**- 0.7**	**Other income**	4	**3.7**	**5.2**
81.4	74.5	Personnel costs		159.2	144.6
8.8	8.3	Depreciation and amortisation		17.1	15.2
45.5	38.8	Other operating expenses		87.1	73.5
135.7	**121.6**	**Total operating expenses**		**263.4**	**233.3**
26.1	**23.3**	**Operating result**		**53.9**	**53.0**
0.0	0.2	Finance income		0.1	0.6
- 2.7	- 2.8	Finance costs		- 6.8	- 5.2
- 2.7	**- 2.6**	**Net finance costs**		**- 6.7**	**- 4.6**
0.2	0.4	Share of profit of associates		0.3	0.6
23.6	**21.1**	**Profit before income tax**		**47.5**	**49.0**
- 5.9	- 4.5	Income tax expense	5	- 11.6	-11.3
17.7	**16.6**	**Profit for the period**		**35.9**	**37.7**
		Attributable to:			
17.0	**15.9**	Owners of the Company **(Net result)**		**34.7**	**36.4**
0.7	0.7	Non-controlling interests		1.2	1.3
17.7	16.6	Total		35.9	37.7

2nd quarter 2011	2nd quarter 2010	(X € 1,000,000)	NOTE	1st half year 2011	1st half year 2010
0.28	0.27	Basic earnings per share attributable to owners of the Company	6	0.58	0.62
0.28	0.27	Diluted earnings per share attributable to owners of the Company	6	0.58	0.62

Consolidated statement of comprehensive income

2nd quarter 2011	2nd quarter 2010	(X € 1,000,000)	1st half year 2011	1st half year 2010
17.7	**16.6**	**Profit for the period**	**35.9**	**37.7**
		Other comprehensive income		
		Actuarial gains and losses:		
4.6	- 0.3	- Actuarial gains and losses on defined benefit pension plans	- 0.8	- 32.8
- 1.2	0.1	- Tax effect on actuarial gains and losses	0.2	8.4
		Cash flow hedges:		
2.5	- 1.1	- Net change in fair value of cash flow hedges reclassified to profit or loss	1.9	- 2.4
- 0.6	0.3	- Tax effect on cash flow hedges	- 0.5	0.6
- 2.4	- 3.2	Foreign currency translation differences	- 2.0	3.0
2.9	**- 4.2**	**Other comprehensive income for the period**	**- 1.2**	**- 23.2**
20.6	**12.4**	**Total comprehensive income for the period**	**34.7**	**14.5**
		Attributable to:		
20.1	**12.7**	Owners of the Company	**33.6**	**13.3**
0.5	- 0.3	Non-controlling interests	1.1	1.2
20.6	**12.4**	**Total comprehensive income for the period**	**34.7**	**14.5**

Consolidated balance sheet

(X € 1,000,000)	NOTE	30 June 2011	31 December 2010	30 June 2010
Non-current assets				
Property, plant and equipment	7	105.9	109.8	110.5
Investment property		1.8	1.8	2.0
Goodwill	8	377.0	364.5	382.0
Other intangible assets		36.9	39.5	33.2
Investments in associates		7.1	7.2	7.7
Deferred tax assets	13	30.3	28.6	32.9
Receivables		3.1	4.1	5.1
Investments		-	-	15.5
Derivative financial instruments		0.4	0.4	-
		562.5	**555.9**	**588.9**
Current assets				
Inventories	9	223.7	231.8	216.6
Trade receivables	9	313.8	297.4	288.5
Corporate income tax		4.1	10.7	6.0
Other receivables	9	36.9	32.4	49.2
Derivative financial instruments		-	0.1	1.3
Cash and cash equivalents		35.7	67.2	55.3
Non-current assets held for sale	10	0.3	0.3	13.4
		614.5	**639.9**	**630.3**
Total assets		**1,177.0**	**1,195.8**	**1,219.2**
Equity	11			
Share capital and share premium		107.2	107.2	107.2
Reserves		407.4	384.8	333.2
Total equity attributable to owners of the Company		**514.6**	**492.0**	**440.4**
Non-controlling interests		18.1	18.2	15.9
Total equity		**532.7**	**510.2**	**456.3**
Non-current liabilities				
Borrowings		192.1	210.5	215.4
Derivative financial instruments		6.7	6.8	2.8
Deferred tax liabilities	13	24.2	22.1	14.3
Retirement and other employee benefit obligations	14	13.2	12.1	31.2
Provisions	15	3.3	4.2	2.7
		239.5	**255.7**	**266.4**
Current liabilities				
Credit institutions		8.8	0.5	23.2
Borrowings due within one year		29.1	32.1	92.2
Derivative financial instruments		3.1	1.6	-
Trade payables and other current liabilities		330.3	360.2	341.1
Corporate income tax liability		2.4	1.3	2.0
Other taxes and social security charges		23.1	25.6	23.4
Provisions	15	8.0	8.6	14.6
		404.8	**429.9**	**496.5**
Total equity and liabilities		**1,177.0**	**1,195.8**	**1,219.2**

Consolidated statement of changes in equity

Changes in equity in the half year ended on 30 June 2011 were as follows.

(X € 1,000,000)	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	**14.9**	**92.2**	**4.0**	**- 3.9**	**384.8**	**492.0**	**18.2**	**510.2**
Total comprehensive income			- 2.0	1.4	34.2	33.6	1.1	34.7
Appropriation of 2010 profit								
− Final 2010 dividend	0.1	- 0.1			- 10.9	- 10.9		- 10.9
Converted by owners of the Company								
Acquisitions							0.1	0.1
Dividend and subscribed capital							- 1.4	- 1.4
Transactions with non-controlling interests								
Balance at 30 June 2011	**15.0**	**92.1**	**2.0**	**- 2.5**	**408.0**	**514.6**	**18.1**	**532.7**

Movements in equity in the half year ended on 30 June 2010 were as follows.

(X € 1,000,000)	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 2010	**14.7**	**92.5**	**- 0.5**	**- 3.2**	**335.1**	**438.6**	**15.5**	**454.1**
Total comprehensive income			3.1	- 1.8	12.0	13.3	1.2	14.5
Appropriation of 2009 profit								
- Final 2009 dividend	0.1	- 0.1			- 11.5	- 11.5		- 11.5
Converted by owners of the Company								
Acquisitions								
Dividend and subscribed capital							- 0.8	- 0.8
Transactions with non-controlling interests								
Balance at 30 June 2010	**14.8**	**92.4**	**2.6**	**- 5.0**	**335.6**	**440.4**	**15.9**	**456.3**

Consolidated statement of cash flows

2nd quarter 2011	2nd quarter 2010	(X € 1,000,000)	1st half year 2011	1st half year 2010
17.7	16.6	Profit for the period	35.9	37.7
		Adjustments for:		
2.7	2.6	Net finance cost	6.7	4.6
- 0.2	- 0.4	Share of profit of associates	- 0.3	- 0.6
5.9	4.5	Income tax expense	11.6	11.3
5.2	5.9	Depreciation of non-current assets	10.1	10.7
3.6	2.4	Amortisation of intangible assets	7.0	4.5
-	0.0	Book gain on sale of non-current assets	- 0.1	- 2.6
-	1.9	Profit on investments	-	0.4
		Movements:		
0.4	0.6	Movements in provisions	- 1.1	- 0.2
0.4	4.7	Movements in inventories	9.8	11.5
- 5.0	7.5	Movements in current receivables	- 19.9	- 10.9
- 28.4	- 17.2	Movements in current liabilities	- 35.5	- 16.2
2.3	**29.1**	**Operating cash flow**	**24.2**	**50.2**
- 2.4	- 3.4	Finance costs paid	- 5.2	- 6.5
- 0.8	- 18.4	Tax paid on operating result	- 3.8	- 24.3
- 0.9	**7.3**	**Cash flow from operating activities**	**15.2**	**19.4**
- 6.7	- 4.5	Additions to non-current assets	- 10.9	- 7.3
- 16.9	- 84.4	Acquisitions less cash and cash equivalents	- 22.2	- 94.1
-	0.2	Finance income received	0.2	0.6
-	-	Dividends received	0.3	1.0
0.9	0.7	Disposals of non-current assets	1.7	6.4
- 0.1	-	Loans granted	- 0.1	- 0.2
0.8	0.6	Payments received on loans	1.6	1.1
- 22.0	**- 87.4**	**Cash flow from investing activities**	**- 29.4**	**- 92.5**
- 10.9	- 11.5	Dividends paid	- 10.9	- 11.5
0.9	10.0	Proceeds from borrowings	0.9	8.0
- 10.1	- 0.6	Repayments of borrowings	- 13.8	- 0.9
- 0.7	- 0.1	Movements in non-controlling interests	- 1.1	- 0.7
- 20.8	**- 2.2**	**Cash flow from financing activities**	**- 24.9**	**- 5.1**
- 43.7	**- 82.3**	**Net cash flow**	**- 39.1**	**- 78.2**
		Reconciliation with the balance sheet		
- 43.7	- 82.3	Net cash flow	- 39.1	- 78.2
0.6	1.5	Foreign currency translation differences in net cash or cash equivalents	- 0.8	2.2
- 43.1	**- 80.8**	**Subtotal**	**- 39.9**	**- 76.0**
		Net cash or cash equivalents at beginning of period:		
71.2	113.9	Cash and cash equivalents	67.2	109.7
- 1.3	- 1.1	Credit institutions	- 0.5	- 1.7
69.9	**112.8**	**Opening balance**	**66.7**	**108.0**
		Net cash or cash equivalents at end of period:		
35.6	55.2	Cash and cash equivalents	35.6	55.2
- 8.8	- 23.2	Credit institutions	- 8.8	- 23.2
26.8	**32.0**	**Closing balance**	**26.8**	**32.0**
- 43.1	**- 80.8**	**Movement in net cash or cash equivalents in the balance sheet**	**- 39.9**	**- 76.0**

Notes to the consolidated half-year financial statements

1. Accounting policies for consolidated financial statements

General
Mediq NV (Mediq) has its registered office in Utrecht, the Netherlands. The consolidated half-year financial statements of the group for the first six months of 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 is provided in the published financial statements 2010.

The consolidated half-year financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". As permitted under IAS 34, these consolidated half-year financial statements do not contain all information that is required for financial statements and must, therefore, be read in conjunction with the consolidated financial statements 2010.

Accounting policies for consolidated financial statements
A summary of the accounting policies used by Mediq NV for valuing assets and liabilities, determining results and the cash flow statement is provided in the consolidated financial statements 2010. The consolidated financial statements 2010 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The same accounting policies have been applied for the half-year financial statements 2011 unless stated otherwise below.

Significant estimates affecting the value of assets and liabilities and the determination of results
The half-year financial statements have been prepared in accordance with IFRS. 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. An overview of the key estimates is provided in the published financial statements 2010. There were no changes in the key estimates in the first half year of 2011.

Seasonal influences
The activities and, therefore, the results of the group are only affected to a limited extent by seasonal patterns.

2. Segment reporting – results per segment

	Direct & Institutional		Pharmacies Netherlands		Pharmacies Poland		Total operating segments		Holding & Eliminations		Consolidated	
(X € 1.000.000)	1st HY 2011	1st HY 2010	1st HY 2011	1st HY 2010	1st HY 2011	1st HY 2010	1st HY 2011	1st HY 2010	1st HY 2011	1st HY 2010	1st HY 2011	1st HY 2010
Net sales, third parties	575.5	462.8	521.7	546.4	259.5	264.0	1,356.8	1,273.2	-	0.1	1,356.8	1,273.3
Net sales, intercompany	5.6	5.3	1.0	0.5	0.4	0.0	6.9	5.8	- 6.9	- 5.8	-	-
Total net sales	246,2	468.1	522.7	546.9	259.9	264.0	1,363.7	1,279.0	- 6.9	- 5.7	1,356.8	1,273.3
Cost of sales plus operating expenses	- 537.4	- 427.7	- 509.4	- 537.0	- 258.7	- 261.8	- 1,305.5	- 1,226.5	2.6	6.2	- 1,302.9	- 1.220.3
Operating result	43.7	40.4	13.3	9.9	1.2	2.2	58.2	52.5	- 4.3	0.5	53.9	53.0
EBITA from ordinary activities	48.7	42.9	13.3	9.9	1.2	1.6	63.2	54.4	- 3.4	-1.5	59.8	52.9
Total assets	721.8	480.0	477.2	490.9	200.9	166.8	1,399.9	1,137.7	- 222.9	81.5	1,177.0	1,219.2
Total liabilities	499.6	445.2	527.9	559.2	77.0	122.6	1,104.5	1,127.0	- 460.2	- 364.1	644.3	762.9
Total investments in associates	-	-	6.8	7.4	-	-	6.8	7.4	0.3	0.3	7.1	7.7
Acquisitions	22.2	90.5	-	-	-	3.6	22.2	94.1	-	-	22.2	94.1
Additions to non-current assets	6.4	2.2	3.8	3.6	0.4	0.9	10.7	6.7	0.2	0.6	10.9	7.3
Amortisation of intangible assets	5.3	2.8	0.9	1.0	0.2	0.2	6.4	4.0	0.6	0.5	7.0	4.5
Depreciation of property, plant and equipment	2.8	2.5	5.6	6.6	1.3	1.2	9.7	10.3	0.4	0.4	10.1	10.7
EBITA margin from ordinary activities	8.4%	9.2%	2.5%	1.8%	0.5%	0.6%					4.4%	4.2%
Capital employed	321.6	305.2	320.2	341.2	117.2	108.9	759.0	755.3	26.1	40.9	785.1	796.2
Return on average capital employed	27.8%	32.4%	8.6%	6.6%	2.0%	3.9%					14.1%	14.8%

2. Segment reporting – results per country

	Netherlands		Poland		Nordics & Baltics		United States		Other countries		Consolidated	
(X € 1.000.000)	1st HY 2011	1st HY 2010	1st HY 2011	1st HY 2010	1st HY 2011	1st HY 2010	1st HY 2011	1st HY 2010	1st HY 2011	1st HY 2010	1st HY 2011	1st HY 2010
Net sales	805.2	824.0	259.9	264.0	191.8	88.7	59.8	60.3	40.1	36.3	1,356.8	1,273.3
Capital employed	393.4	409.3	117.2	108.9	140.8	123.4	89.2	108.3	44.5	46.3	785.1	796.2
Total assets	558.5	532.7	200.9	195.5	226.5	218.1	117.0	134.4	74.1	138.5	1,177.0	1,219.2
Acquisitions	5.3	2.5	-	3.6	0.2	87.2	-	-	16.7	0.8	22.2	94.1
Additions to non/current assets	6.1	5.3	0.4	0.9	3.8	0.5	0.4	0.5	0.2	0.1	10.9	7.3

3. Changes in the composition of Mediq NV

In the first half year of 2011, Mediq NV completed three acquisitions for a total amount of € 22.2 million, which was paid in full from the group's own funds.

On 1 February 2011, Mediq acquired Romedic in the Netherlands. Romedic is the market leader in the field of nebuliser therapy in the Netherlands. On 30 April 2011, Mediq acquired 95.88% of the shares of the French company NM Médical. NM Médical supplies a broad range of medical devices to healthcare professionals, mainly GPs but physiotherapists as well. On 11 May 2011 Mediq acquired part of Medic24's activities in Sweden. These activities concern the supply of medical devices to GPs and specialists, which expands Mediq Sverige's existing activities in this customer segment.

These acquisitions are individually and jointly immaterial in terms of IFRS application requirements. Subsequently, only the total impact on the Mediq financial statements is disclosed below.

The acquired activities were integrated into Mediq's financial reporting as of their respective acquisition dates. Net assets determined on a preliminary basis were € 3.2 million as at 30 June 2011. The measurement of the fair value of the individual intangible assets has not yet been completed. The preliminary goodwill recognised in relation to these acquisitions amounted to € 19.1 million.

Cumulatively to June 2011, the acquired activities contributed € 6.2 million to sales, € 0.7 million to the operating result and € 0.5 million to the net result. The acquisition costs are deemed immaterial. If the acquired activities had been included as of 1 January 2011, Mediq's consolidated sales for the first half year would have been an estimated € 1,324.0 million, the operating result € 54.4 million and the net result € 35.0 million.

For acquisitions, we paid, in addition to compensation for acquired identified assets and liabilities, an amount for existing customer relations, the location, future demographic developments or the existing management. If these intangible items are identifiable, they are recorded as an intangible asset in the balance sheet. Three criteria are relevant to this. Firstly, the item must be separable as an asset or arise from contractual or other legal rights. Secondly, future economic benefits must be expected to flow from this intangible asset to the group. Thirdly, the cost of the asset must be reliably determinable.

The value of intangible assets that cannot be identified on the balance sheet, such as the location or the quality of the existing management, are part of the goodwill item. In addition, goodwill relates to aspects not immediately connected with the acquiree, including demographic developments, insofar as these are expected to contribute to the cash flow to be achieved.

4. Other income

Other income for the first half year of 2011 amounted to € 3.7 million (first half year of 2010: € 5.2 million). The other income in the first half year of 2011 related to income for the provision of services and information, a contribution from Stichting Samenwerking Apothekers OPG, book gains on the sale of assets, interest on loans receivable (related to loans issued that are classified as financial assets) and income from overdue payments by customers.

The other income in the first half year of 2010 also included a book gain on the sale of the remaining property in Belgium and the result of the negative share price movements relating to results on investments and dividend income arising from our interest in Andrea-Noris Zahn AG (sold in December 2010).

5. Tax expense related to ordinary activities

The tax expense is based on the expected effective tax rate for the entire tax year, calculated with respect to the result for the period. The tax expense related to the result from ordinary activities for the first half year of 2011 amounted to € 11.6 million. This corresponds to an effective tax rate of 24.0%. This is lower than the weighted average corporate income tax rate of 25.1% mainly due to the effect of the participation exemption.

6. Earnings per share attributable to shareholders

Earnings per share are calculated by dividing the company's profit attributable to shareholders by the weighted average number of shares outstanding. The number of shares at year-end 2010 totalled 59,646,252.

The payment of the final dividend for 2010 resulted in the issue of 526,868 shares, bringing the average weighted number of shares outstanding for the first half year of 2011 to 59,796,786. The number of shares as at 30 June 2011 was 60,173,120. Earnings per share attributable to shareholders for the first half year of 2011 were € 0.58 (2010: € 0.62).

7. Property, plant and equipment

Property, plant and equipment amounted to € 105.9 million as at 30 June 2011 (31 December 2010: € 109.8 million). Of the decrease of € 3.9 million, € 10.1 million related to depreciation for the first half year of 2011 (first half year of 2010: € 10.7 million).

Disposals of property, plant and equipment in the first half year of 2011 amounted to € 1.1 million (first half year 2010: € 1.1 million).

Additions contributed € 7.3 million (first half year of 2010: € 5.8 million) and acquisitions € 0.3 million (first half-year of 2010: € 4.1 million).

Other movements, including currency effects, had a limited effect on movements in property, plant and equipment in the first half year of 2011.

8. Goodwill

Goodwill as at 30 June 2011 amounted to € 377.0 million, up € 12.5 million from 31 December 2010. Acquisitions in the first half year of 2011 (Romedic, NM Médical and Medic24) produced an increase of € 19.1 million. Currency effects were € 6.6 million negative.

9. Current assets

Inventories

Inventories amounted to € 223.7 million as at 30 June 2011 (31 December 2010: € 231.8 million). The decrease of € 8.1 million is attributable to a reduction in inventories at Pharmacies Poland, partly offset by an increase in inventories at Pharmacies Netherlands.
In the first half year of 2011 the provision for obsolescence decreased by € 1.4 million (in the first half year of 2010 an amount of € 1.2 million was taken through profit or loss for inventory write-downs).

Trade receivables

Trade receivables amounted to € 313.8 million as at 30 June 2011 (31 December 2010: € 297.4 million). The increase of € 16.4 million is mainly the result of higher sales at Direct & Institutional, the acquisition of NM Médical and timing differences in payment behaviour of customers and healthcare providers. The provision for doubtful debts amounted to € 9.1 million as at 30 June 2011 (31 December 2010: € 11.1 million).

Other receivables

Other receivables amounted to € 36.9 million as at 30 June 2011 (31 December 2010: € 32.4 million).

10. Non-current assets held for sale

This item relates to land and buildings that are not used directly in operations and have been put up for sale. Non-current assets held for sale remained at € 0.3 million in the first half year of 2011 (31 December 2010: € 0.3 million). The amount as at 30 June 2011 comprises a former distribution centre in Germany.

The portion of the property portfolio of Pharmacies Netherlands that was classified as held for sale at the end of the first half year 2010 (€ 13.4 million) was sold in the second half year of 2010.

11. Equity

The company did not hold any treasury shares on 30 June 2011. The company did not purchase any shares in its own capital in the first half year of 2011.

12. Dividend distributions

Shareholders can elect to receive dividend in cash or in shares. In the first half year of 2011 € 10.9 million was distributed as cash dividend (first half year of 2010: € 11.5 million) and 526,868 (first half year of 2010: 604,000) shares were issued.

The interim cash dividend of 2010 amounted to € 0.15 per share (2009: € 0.10 per share) and the final cash dividend amounted to € 0.31 per share (2009: € 0.34 per share).

13. Deferred tax

Deferred tax totalled € 6.1 million as at 30 June 2011 (31 December 2010: € 6.5 million). Almost all of the increase related to the recognition of deferred tax liabilities for acquired customer relationships in the first half year of 2011.

14. Retirement and other employee benefit obligations

Retirement benefit obligations amounted to € 13.2 million as at 30 June 2011 (31 December 2010: € 12.1 million).

This includes € 10.5 million in obligations under defined benefit plans for the Dutch entities that are members of Stichting Pensioenfonds Mediq (31 December 2010: € 10.6 million).

Of the remainder, € 1.6 million relates to foreign pension provisions and € 1.1 million to the provision for service anniversary payments.

15. Other provisions

Other provisions amounted to € 11.3 million as at 30 June 2011 (31 December 2010: € 12.8 million). The decrease by € 1.5 million was due to the utilisation of € 1.6 million from provisions, a release of € 1.2 million from provisions and a reclassification of € 1.1 million, partly offset by additions of € 2.3 million and a negative currency effect of € 0.1 million.

The utilisation of the provision relates primarily to staff redundancy schemes (reorganisation provision). The release relates to a provision for taxes and the reclassification relates to the provision for service anniversary payments which is recognised under employee benefit obligations.

The addition to the provision of € 2.3 million in the first half year of 2011 arose from a provision for redundancy costs and miscellaneous provisions.

16. 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 a number of Dutch financial institutions. The main clauses of the credit terms stipulated by the various institutions are similar to each other and to those applying to non-bank borrowings. As at 30 June 2011, we comfortably satisfied the agreed criteria.

17. Commitments not shown in the balance sheet

The financial statements 2010 include a discussion of the commitments not shown in the balance sheet. The commitments not shown in the balance sheet relate to lease and rental commitments and other commitments. In the first half year of 2011, no major changes in these commitments took place.

At the end of 2010 a contingent liability existed for dividend tax which concerned the conversion of B shares into A shares, which took place in the period from 2003 to the end of 2009. After further analysis and additional consultation with the tax authorities in the first half year of 2011 it was concluded that there is no risk relating dividend tax and therefore the contingent liability ceases to exist.

18. Related party transactions

The following related parties of the group can be distinguished: subsidiaries, associates, the members of the Management Board, the members of the Supervisory Board and Stichting Samenwerking Apothekers OPG. The composition of the Supervisory Board was unchanged in the first half year of 2011. The Annual Report for 2010 contains a description of the main transactions and the remuneration policy for the members of the Management Board and the Supervisory Board.

Stichting Samenwerking Apothekers OPG's objective 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. The group did not purchase any Mediq shares from Stichting Samenwerking Apothekers OPG.

Other transactions with related parties:

	TRANSACTION VALUE 6 MONTHS ENDING 30 JUNE		BALANCE OUTSTANDING AT 30 JUNE	
(X € 1,000,000)	**2011**	**2010**	**2011**	**2010**
Sales of products and services				
Associates	8.0	8.1	1.1	2.7
Other related parties	2.6	2.4	0.3	0.4

19. Events after the balance sheet date

Acquisition of Medicus Plesner and PBG

On 1 July 2011 Mediq acquired Medicus Plesner AS in Norway. Medicus Plesner supplies medical devices and pharmaceuticals directly to patients. Mediq bought 100% of the shares. Medicus Plesner will be included in the consolidated figures as of July 2011 (estimated annual sales of € 16 million).

The announced acquisition of PBG in the Netherlands has been approved by the Dutch Competition Authority NMa. PBG is a supplier of medical devices to diabetics, GPs, obstetricians and other healthcare providers in the Netherlands. The acquisition is expected to be completed by 1 August (estimated annual sales of € 61 million).

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 distributions by the SSAO, it was recently decided to transfer the remaining assets and liabilities to Mediq and to liquidate the SSAO.

Mediq has consolidated the SSAO as of 28 July. Mediq intends to cancel the 3,535,215 Mediq shares formerly owned by SSAO, reducing the number of Mediq shares outstanding by 5.87%. The consolidation has a limited one-off negative effect on Mediq's equity (- € 9.8 million) and cash flow (- € 5.6 million), which will be reported in Q3 2011. It will not have any effect on Mediq's future results; the earnings per share will increase, however.