MEDIQ

Half-year report 2012

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 centre of everything we do. Mediq delivers via three distribution channels: directly to people's homes (Direct), via hospitals, nursing homes and other healthcare institutions (Institutional) and via Mediq Pharmacies. Mediq operates in 15 countries and its head office is located in Utrecht, the Netherlands. 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.

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 2012. 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 2011.

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 Act on Financial Supervision (*Wet op het financieel toezicht, "Wft"*), that to the best of its knowledge:

- the half-year financial statements included in this half-year report give a true and fair view of the assets, liabilities and financial position as at 30 June 2012 and the result for the first six months of 2012 of Mediq NV and its consolidated group companies taken as a whole; and
- the half-year report includes a fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Act on Financial Supervision.

Utrecht, the Netherlands
26 July 2012

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, legal precedents, market developments and operating policies of healthcare insurers. Mediq NV would like to stress that the contents of this half-year report 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 2012	1st half year 2011	Increase/ decrease
Income statement			
Net sales *	1,301.4	1,306.7	0%
EBITA from ordinary activities **	51.5	59.8	- 14%
EBITA	50.1	58.9	- 15%
Amortisation of customer relationships	9.3	5.0	
Operating result (EBIT)	40.8	53.9	- 24%
Net finance costs	- 6.9	- 6.7	
Share of profit of associates	0.3	0.3	
Income tax expense	- 7.3	- 11.6	
Profit after income tax attributable to:	26.9	35.9	- 25%
− owners of the Company **(Net result)**	26.2	34.7	- 24%
− non-controlling interests	0.7	1.2	
Balance sheet			
Working capital	192.5	222.7	- 14%
Capital employed	874.8	785.1	11%
Net debt	258.4	200.2	29%
Cash flow			
Cash flow from operating activities	48.3	15.2	> 100%
Additions to non-current assets	9.3	10.9	- 15%
Acquisitions	13.2	22.2	
Ratios and returns			
EBITA margin	3.8%	4.5%	
EBITA margin from ordinary activities **	4.0%	4.6%	
Earnings per share (x € 1)	0.46	0.58	- 21%
Return on average capital employed	9.4%	14.1%	
Return on average equity	9.5%	13.7%	
Interest cover	11.3	12.6	
Debt cover	1.7	1.3	
Personnel			
Average number of employees (FTE, including temporary)	7,772	7,246	7%

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

(X € 1,000,000)	1st half year 2012	1st half year 2011	Increase/ decrease
EBITA	**50.1**	**58.9**	- 15%
Release of provision for taxation (Other)		- 1.1	
Provision (Other)	- 0.8	2.0	
Transfer of Mediq pension fund to PMA pension fund (Other)	2.2		
EBITA from ordinary activities	**51.5**	**59.8**	- 14%
Net result	**26.2**	**34.7**	- 24%
Amortisation of customer relationships after corporate income tax	**6.7**	**3.6**	
Above adjustments after corporate income tax	**1.1**	**0.7**	
Net result from ordinary activities **	**34.0**	**39.0**	- 13%

* 2011 includes change in presentation of revenues of two Swedish distribution contracts (see Annexe)

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

Review of the first half year of 2012

Operational highlights

- **Direct & Institutional**:
  - Sales growth of 13% driven mainly by acquisitions. Organic decrease of 4% due to transfer of biopharmaceuticals to hospital budget in the Netherlands. Excluding this effect, organic sales growth was 1%.
  - Increase result for medical devices partly offset by lower result on sales of (bio)pharmaceuticals to hospitals in the Netherlands.
  - EBITA margin from ordinary activities of 8.2%; pressured by several one-off items.
  - Acquisition of Diabetes Specialty Center in the USA provides access to growth market of insulin pumps, continuous glucose monitors and accessories for frequent-user, insulin-dependent diabetics.
- **Pharmacies Netherlands**:
  - Decrease of sales (-9%) and EBITA (-78%) due to lagging volumes, strong price pressure and higher costs; market conditions have deteriorated.
  - Outcome of restructuring plan for pharmacy and wholesaling activities to be announced at publication of third quarter results.
- **Pharmacies Poland**:
  - Sales decrease of 10% of which 7% due to depreciation of zloty and 3% on an organic basis as a result of new reimbursement legislation as of 2012.
  - Growth in wholesaling market share.
  - Decrease in EBITA from ordinary activities, mainly due to lower sales.

Review of financial performance [1]

Mediq's sales were stable in the first half year of 2012 compared to the same period in 2011. The positive sales growth in Direct & Institutional of 13%, mainly attributable to acquisitions, was offset by lower sales at Pharmacies Netherlands (-9%) and Pharmacies Poland (-10%). Sales at Pharmacies Netherlands fell due to a decrease at both wholesaling and pharmacies caused by strong price pressure and deterioration of market conditions. Organic sales at Pharmacies Poland decreased by 3%; the remainder of the decrease was attributable to the depreciation of the zloty.

EBITA decreased by € 8.8 million to € 50.1 million (-15%). Excluding non-operational items EBITA decreased by € 8.3 million (-14%). EBITA from ordinary activities at Direct & Institutional rose € 0.7 million due to contributions from acquisitions, partly offset by several one-off items. EBITA at Pharmacies Netherlands decreased by € 10.4 million, mainly due to the lower sales, pressure on prices and higher costs. EBITA from ordinary activities at Pharmacies Poland decreased by € 0.3 million.

Net finance costs were up € 0.2 million from the first half year of 2011. Higher interest expenses as a result of higher net debt in comparison to the same period in 2011 were partly offset by a positive result on forward currency contracts. Predominantly due to the lower profit before income tax, taxation was € 4.3 million lower than in the first half year of 2011.

Sales at **Direct & Institutional** increased by 13%, of which 16% through acquisitions (mainly the German company Assist as of 29 December 2011, the Dutch company PBG as of 1 August 2011, the French company NM Médical as of 30 April 2011, the Norwegian company Medicus Plesner as of 1 July 2011 and the US company Diabetes Specialty Center as of 31 May 2012). Sales on an organic basis decreased by 4%, reflecting the transfer of biopharmaceuticals to the hospital budget in the Netherlands (with an adverse effect of 5%). In addition, there was a favourable exchange rate effect of 1%, mainly as a result of the appreciation of the US dollar. The organic growth of 1% was realised mainly in the delivery of medical devices at home in the Netherlands and the United States, and in deliveries to healthcare institutions and professionals in Sweden.

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

EBITA from ordinary activities rose 1% to € 49.4 million. An EBITA increase due to the acquisitions referred to above was partly offset by a negative result at the delivery of pharmaceuticals to hospitals in the Netherlands. In addition, EBITA was adversely impacted by several one-off items; acquisition costs in the US, start-up costs of the new distribution centre in Sweden, an EBITA adjustment for prior years and a provision for the workforce reduction related to the sharp contraction in sales from biopharmaceuticals.

At 8.2%, the EBITA margin from ordinary activities was down 1.0 percentage point from the same period of last year as a result of the items mentioned above.

Sales at **Pharmacies Netherlands** decreased by 9%. Sales in the pharmacies fell 5%. This was mainly due to lower prices caused by a greater adverse effect than expected of patent expiries and the further extension of the preference policy. Moreover average reimbursement for basic services was lower, only partly compensated by higher fees for additional services, under the Integrated Pharmaceutical Care Programme (GFZ). Also, volumes rose less than expected. Wholesaling sales decreased 11%. This was mainly attributable to the switch of the Medsen pharmacies to another wholesaler and continued pressure on prices.

EBITA from ordinary activities decreased by € 10.4 million. In addition to the effects referred to above, the increased administrative complexity resulting from the market liberalisation and the roll-out of the GFZ programme have led to higher costs. Wage costs in particular increased, driven by the Collective Labour Agreements and higher social security charges.

The continuing difficult market conditions and persistent price and margin pressures necessitate vigorous intervention. As announced at the publication of our first quarter results, a restructuring of our pharmacy and wholesaling activities has been initiated, as part of which three focus areas have been identified:

1. *Pharmacies*
   The current pharmacy portfolio has been closely examined. Around half of the Mediq pharmacies is performing satisfactorily at the moment. The other half requires various initiatives to improve efficiency and results. Part of these pharmacies is not independently viable in the present conditions, meaning structural measures are required in the near term, such as closures, merging of pharmacies or conversion to distribution points.
2. *Wholesaling*
   In addition to extensive talks on the market situation with various parties and the initiatives within the industry and with other market parties, Mediq is preparing measures of its own to reverse the current situation, in which a substantial portion of products supplied is distributed at a loss.
3. *Support services*
   A plan is prepared to substantially improve the efficiency and effectiveness of staff departments.

The outcome of the restructuring plan for the pharmacy and wholesaling activities is to be announced at publication of the third quarter results.

Sales at **Pharmacies Poland** declined by 10%. This was the result of a negative effect from the depreciation of the Polish zloty (-7%) combined with an organic sales decrease of -3%. In zloty sales in our pharmacies decreased by 12%, which was in line with the market. New legislation applicable as from 2012, which resulted in fixed margins in the distribution chain and consequently limited the scope for granting discounts, has amongst others led to higher patient co-payments for many products. Hoarding took place in 2011 in anticipation of these developments, which has depressed first quarter sales. Furthermore, the higher co-payment has led to a decrease in the use of the pharmaceuticals concerned. The sales decrease in wholesaling was limited to 2% in local currency, due to an increase in our market share.

EBITA from ordinary activities amounted to € 0.9 million, a decrease of € 0.3 million. One of the drivers behind this was the lower sales level. In addition, the result was depressed by the recognition of a provision for a reorganisation in the first quarter, aimed at raising the efficiency of our logistics infrastructure by a further reduction of the number of distribution centres.

EBITA from ordinary activities of **Other** was up € 1.7 million, mainly reflecting the effect of relatively high consultancy and acquisition costs in the comparative period in 2011. The non-operational items in the first half year of 2012 related to the release of a provision of € 0.8 million and costs resulting from the transfer of pension fund Mediq to the multi-employer plan PMA (*Pensioenfonds Medewerkers Apotheken*). 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

Cash flow from operating activities increased significantly to € 48.3 million (first half year of 2011: € 15.2 million). The higher operational cash flow was mainly caused by movements in working capital; a decrease in current receivables and inventories was partly offset by a decrease in current liabilities. The positive cash effect from working capital movements was partly offset by higher tax payments and a lower cash flow from earnings.

The cash outflow for investing activities in the first half year of 2012 was € 17.9 million (first half year of 2011: € 29.4 million). This was the result of acquisitions (€ 13.2 million: mainly Diabetes Specialty Center in the United States) and additions to non-current assets of € 9.3 million (first half year of 2011: € 10.9 million). The cash outflow from acquisitions in the first half year of 2011 amounted to € 22.2 million, primarily due to the acquisition of NM Médical in France and Romedic in the Netherlands.

The cash outflow for financing activities was € 38.8 million (first half year of 2011: € 24.9 million) as a result of the final dividend paid for 2011, repayments of borrowings and financing drawn from existing facilities to finance the Diabetes Specialty Center acquisition.

Net cash flow was € 8.4 million negative, € 30.7 million higher than the first half year of 2011.

We comfortably comply with our bank covenants. The debt ratio and the interest cover were 1.7 (net debt/EBITDA of 3.5 maximum) and 11.3 (EBITDA/interest charge of 5.0 minimum), respectively.

Outlook 2012

EBITA expected between € 111 million and € 116 million. This excludes any non-operational items and effects of the restructuring at Pharmacies Netherlands in the second half of the year.

<u>D&I</u>

- Sales growth due to the acquisitions completed in 2011 and continuing organic growth. This sales growth will be partly offset by the transfer of biopharmaceuticals to the hospital budget in the Netherlands (- € 60 million on a full-year basis). The loss of a hospital contract for deliveries of pharmaceuticals representing € 15 million on a full-year basis will be comfortably compensated by a newly acquired contract as of 1 April worth € 30 million in 2012.
- EBITA margin at the lower end of the guidance previously given of 9% to 10%.

<u>Pharmacies Netherlands</u>

- Sales decrease reflecting the switch of the Medsen pharmacy chain to another wholesaler (- € 60 million on a full-year basis) and price decreases, partly due to patent expiries for a large number of pharmaceuticals.
- The sales decrease will, in combination with an increase in costs resulting partly from arrangements under Collective Labour Agreements, lead to a significant decrease in EBITA to around € 4 million.

<u>Pharmacies Poland</u>

- Sales expected to develop in line with the market.
- EBITA growth.

Risk management

The Annual Report for 2011 provides, in the section on Risk Management (pages 69 to 75), a description of our risk management, risk profile and the main risks. In our view, the nature and potential impact of those risks continue to apply to the second half year of 2012. Additionally, the following developments are relevant to a number of risks.

Local regulations and economic conditions

Government regulation plays an important role in the markets in which we operate. We are experiencing ongoing price pressure in the countries in which we operate. In order to keep healthcare affordable, volume growth is in part mitigated by price pressure from governments and payers.

Pharmaceuticals prices and reimbursement of pharmaceutical care in the Netherlands have been deregulated as of 2012. Prices are no longer set by a regulatory body for the entire market, but are based on bilateral contracts with insurers. With the integrated pharmaceutical care programme in our Dutch pharmacies, we aim to play an important role in increasing therapy effectiveness and thereby reducing costs in primary and secondary care, rather than focusing solely on the delivery of pharmaceuticals.

During the first half year of 2012, the sales and EBITA from ordinary activities of our Pharmacies Netherlands segment decreased strongly compared to last year, mainly due to very significant price decreases caused by a greater adverse effect than expected of patent expiries (including Lipitor) and a further extension of the preference policy. Our volumes rose more slowly than expected. At the same time, the average reimbursement fees for basic services were lower, only partly compensated by higher fees for additional services resulting from the integrated pharmaceutical care programme.

The pressure on the results in the pharmacy sector also impacts the profitability of the wholesale activities.

The initiated restructuring plan at our Dutch pharmacy and wholesaling activities will result in adequate measures being put in place to optimise the efficiency and results within the current and future market dynamics and regulatory changes. At the same time, we are in discussion to make industry-wide changes to the business model, mainly of the wholesalers.

Although the impact of the economic conditions on our business operations has always been relatively limited, we continue to experience pressure from the governments and payers.

Overall, we limit the potential negative effects of the risks relating to local regulations and price pressure 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 enables us to participate in establishing regulations and to position ourselves opportunely for future developments.

Financing

We have a healthy financing position. We funded our acquisitions from the available cash position and existing facilities. In addition, we successfully arranged financing on the US Private Placement market for a total amount of approximately USD 150 million in 2011, 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 and its potential effects on the banking system. Our US Private Placement has made us less dependent on bank financing. We have taken measures to reduce our counterparty risks with banks. In addition, we will closely monitor any credit risk of our customers and our main suppliers.

Increasing complexity of billing and reimbursement process

As described in the Annual Report 2011, the requirements of healthcare insurers for the reimbursement of pharmaceuticals and medical devices in the Netherlands and the USA are becoming more stringent and complex in terms of documenting and monitoring the usage of pharmaceuticals and medical devices by patients. This imposes tighter requirements for our administrative processes. Also, 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 in order to mitigate the risks involved.

Other

New risks may arise in the second half of 2012 that were not known until now and that could have a material effect on our activities, objectives, results and assets. We will closely follow the developments relating to risks known to us and to any new risks, and where necessary introduce supplementary controls and take mitigating actions.

Half-year financial statements of Mediq NV

Unaudited

Consolidated income statement

2nd quarter 2012	2nd quarter 2011	(X € 1,000,000)	NOTE	1st half year 2012	1st half year 2011
647.1	658.9	Net sales *	2	1,301.4	1,306.7
478.5	498.1	Cost of sales *		965.3	993.1
168.6	**160.8**	**Gross profit**		**336.1**	**313.6**
1.6	**1.0**	**Other income**	4	**3.0**	**3.7**
90.8	81.4	Personnel costs		178.6	159.2
11.6	8.8	Depreciation and amortisation		23.5	17.1
49.5	45.5	Other operating expenses		96.2	87.1
151.9	**135.7**	**Total operating expenses**		**298.3**	**263.4**
18.3	**26.1**	**Operating result**		**40.8**	**53.9**
0.5	0.0	Finance income		0.9	0.1
- 3.3	- 2.7	Finance costs		- 7.8	- 6.8
- 2.8	**- 2.7**	**Net finance costs**		**- 6.9**	**- 6.7**
0.3	0.2	Share of profit of associates		0.3	0.3
15.8	**23.6**	**Profit before income tax**		**34.2**	**47.5**
- 3.1	- 5.9	Income tax expense	5	- 7.3	- 11.6
12.7	**17.7**	**Profit for the period**		**26.9**	**35.9**
		Attributable to:			
12.3	**17.0**	Owners of the Company **(Net result)**		**26.2**	**34.7**
0.4	0.7	Non-controlling interests		0.7	1.2
12.7	17.7	Total		26.9	35.9

* 2011 includes change in presentation of revenues of two Swedish distribution contracts (see Annexe)

2nd quarter 2012	2nd quarter 2011	(X € 1,000,000)	NOTE	1st half year 2012	1st half year 2011
0.21	0.28	Net earnings per share (basic) attributable to owners of the Company	6	0.46	0.58
0.21	0.28	Diluted net earnings per share attributable to owners of the Company	6	0.46	0.58

Consolidated statement of comprehensive income

2nd quarter 2012	2nd quarter 2011	(X € 1,000,000)	NOTE	1st half year 2012	1st half year 2011
12.7	**17.7**	**Profit for the period**		**26.9**	**35.9**
		Other comprehensive income			
		Actuarial gains and losses:			
- 5.6	- 5.4	- Actuarial gains and losses on defined benefit pension plans		- 7.9	- 0.8
1.4	1.3	- Tax effect on actuarial gains and losses		2.0	0.2
		Cash flow hedges:			
0.9	- 0.7	- Net change in fair value of cash flow hedges reclassified to profit or loss		- 5.3	1.9
- 0.2	0.2	- Tax effect on cash flow hedges		1.3	- 0.5
- 1.1	0.3	Foreign currency translation differences		6.4	- 2.0
- 4.6	**- 4.3**	**Other comprehensive income for the period**		**- 3.5**	**- 1.2**
8.1	**13.4**	**Total comprehensive income for the period**		**23.4**	**34.7**
		Attributable to:			
8.0	**12.7**	Owners of the Company		**22.0**	**33.6**
0.1	0.7	Non-controlling interests		1.4	1.1
8.1	**13.4**	**Total comprehensive income for the period**		**23.4**	**34.7**

Consolidated balance sheet

(X € 1,000,000)	NOTE	30 June 2012	31 December 2011	30 June 2011
Non-current assets				
Property, plant and equipment	7	110.1	114.5	105.9
Investment property		1.7	1.8	1.8
Goodwill	8	484.0	472.3	377.0
Other intangible assets		52.0	48.3	36.9
Investments in associates		7.7	7.6	7.1
Deferred tax assets	13	23.8	23.5	30.3
Receivables		3.0	2.9	3.1
Derivative financial instruments		5.2	8.0	0.4
		687.5	**678.9**	**562.5**
Current assets				
Inventories	9	217.8	241.7	223.7
Trade receivables	9	306.7	344.2	313.8
Corporate income tax		13.3	5.4	4.1
Other receivables	9	41.6	37.6	36.9
Derivative financial instruments		-	1.2	-
Cash and cash equivalents		61.1	67.2	35.7
Non-current assets held for sale	10	-	-	0.3
		640.5	**697.3**	**614.5**
Total assets		**1,328.0**	**1,376.2**	**1,177.0**
Equity	11			
Share capital and share premium		107.2	107.2	107.2
Reserves		446.2	432.4	407.4
Total equity attributable to owners of the Company		**553.4**	**539.6**	**514.6**
Non-controlling interests		17.6	17.1	18.1
Total equity		**571.0**	**556.7**	**532.7**
Non-current liabilities				
Borrowings		321.5	345.7	192.1
Derivative financial instruments		4.5	5.0	6.7
Deferred tax liabilities	13	27.7	27.7	24.2
Retirement and other employee benefit obligations	14	3.0	2.8	13.2
Provisions	15	3.1	3.1	3.3
		359.8	**384.3**	**239.5**
Current liabilities				
Credit institutions		1.0	0.2	8.8
Borrowings due within one year		3.8	3.9	29.1
Derivative financial instruments		0.3	0.3	3.1
Trade payables and other current liabilities		359.3	396.6	330.3
Corporate income tax liability		3.9	2.4	2.4
Other taxes and social security charges		23.7	26.5	23.1
Provisions	15	5.2	5.3	8.0
		397.2	**435.2**	**404.8**
Total equity and liabilities		**1,328.0**	**1,376.2**	**1,177.0**

Consolidated statement of changes in equity

Changes in equity in the half year ended on 30 June 2012 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 2012	**15.2**	**92.0**	**- 6.5**	**- 0.7**	**439.6**	**539.6**	**17.1**	**556.7**
Total comprehensive income			5.8	- 4.0	20.2	22.0	1.4	23.4
Appropriation of 2011 profit								
- Final 2011 dividend	0.2	- 0.2			- 8.1	- 8.1		- 8.1
Converted by owners of the Company								
Acquisitions								
Dividend and subscribed capital							- 1.0	- 1.0
Transactions with non-controlling interests					- 0.1	- 0.1	0.1	-
Balance at 30 June 2012	**15.4**	**91.8**	**- 0.7**	**- 4.7**	**451.6**	**553.4**	**17.6**	**571.0**

Movements 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**

Consolidated statement of cash flows

2nd quarter 2012	2nd quarter 2011	(X € 1,000,000)	1st half year 2012	1st half year 2011
12.7	17.7	Profit for the period	26.9	35.9
		Adjustments for:		
2.8	2.7	Net finance cost	6.9	6.7
- 0.3	- 0.2	Share of profit of associates	- 0.3	- 0.3
3.1	5.9	Income tax expense	7.3	11.6
5.7	5.2	Depreciation of non-current assets	11.6	10.1
5.9	3.6	Amortisation of intangible assets	11.9	7.0
0.2	-	Book result on sale of non-current assets	- 0.1	- 0.1
		Movements:		
- 7.4	0.4	Movements in provisions	- 8.5	- 1.1
- 5.6	0.4	Movements in inventories	28.6	9.8
0.7	- 5.0	Movements in current receivables	39.7	- 19.9
- 4.5	- 28.4	Movements in current liabilities	- 55.1	- 35.5
13.3	**2.3**	**Operating cash flow**	**68.9**	**24.2**
- 3.7	- 2.4	Finance costs paid	- 7.5	- 5.2
- 7.4	- 0.8	Tax paid on operating result	- 13.1	- 3.8
2.2	**- 0.9**	**Cash flow from operating activities**	**48.3**	**15.2**
- 4.2	- 6.7	Additions to non-current assets	- 9.3	- 10.9
- 11.8	- 16.9	Acquisitions less cash and cash equivalents	- 13.2	- 22.2
0.4	-	Finance income received	1.0	0.2
-	-	Dividends received	0.3	0.3
1.8	0.9	Disposals of non-current assets	3.1	1.7
-	- 0.1	Loans granted	- 0.5	- 0.1
0.2	0.8	Payments received on loans	0.7	1.6
- 13.6	**- 22.0**	**Cash flow from investing activities**	**- 17.9**	**- 29.4**
- 8.1	- 10.9	Dividends paid	- 8.1	- 10.9
11.1	0.9	Proceeds from borrowings	11.1	0.9
- 20.3	- 10.1	Repayments of borrowings	- 40.8	- 13.8
- 0.3	- 0.7	Movements in non-controlling interests	- 1.0	- 1.1
- 17.6	**- 20.8**	**Cash flow from financing activities**	**- 38.8**	**- 24.9**
- 29.0	**- 43.7**	**Net cash flow**	**- 8.4**	**- 39.1**
		Reconciliation with the balance sheet		
- 29.0	- 43.7	Net cash flow	- 8.4	- 39.1
-	0.6	Foreign currency translation differences in net cash or cash equivalents	1.5	- 0.8
- 29.0	**- 43.1**	**Subtotal**	**- 6.9**	**- 39.9**
		Net cash or cash equivalents at beginning of period:		
89.7	71.2	Cash and cash equivalents	67.2	67.2
- 0.6	- 1.3	Credit institutions	- 0.2	- 0.5
89.1	**69.9**	**Opening balance**	**67.0**	**66.7**
		Net cash or cash equivalents at end of period:		
61.1	35.6	Cash and cash equivalents	61.1	35.6
- 1.0	- 8.8	Credit institutions	- 1.0	- 8.8
60.1	**26.8**	**Closing balance**	**60.1**	**26.8**
- 29.0	**- 43.1**	**Movement in net cash or cash equivalents in the balance sheet**	**- 6.9**	**- 39.9**

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 2012 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 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 2011.

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 2011. The consolidated financial statements 2011 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 2012 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 2011. There were no changes in the key estimates in the first half year of 2012.

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 2012	1st HY 2011	1st HY 2012	1st HY 2011	1st HY 2012	1st HY 2011	1st HY 2012	1st HY 2011	1st HY 2012	1st HY 2011	1st HY 2012	1st HY 2011
Net sales, third parties *	594.3	525.4	474.7	521.7	232.4	259.5	1,301.4	1,306.7	-	-	1,301.4	1,306.7
Net sales, intercompany	5.9	5.6	3.4	1.0	2.1	0.4	11.4	6.9	- 11.4	- 6.9	-	-
Total net sales *	600.2	531.0	478.1	522.7	234.5	259.9	1,312.8	1,313.6	- 11.4	- 6.9	1,301.4	1,306.7
Cost of sales plus operating expenses and other income *	- 560.1	- 487.3	- 475.2	- 509.4	- 233.6	- 258.7	- 1,268.9	- 1,255.4	8.3	2.6	- 1,260.6	- 1,252.8
Operating result	40.1	43.7	2.9	13.3	0.9	1.2	43.9	58.2	- 3.1	- 4.3	40.8	53.9
EBITA from ordinary activities	49.4	48.7	2.9	13.3	0.9	1.2	53.2	63.2	- 1.7	- 3.4	51.5	59.8
Total assets	894.0	721.8	533.5	477.2	181.2	200.9	1,608.7	1,399.9	- 280.7	- 222.9	1,328.0	1,177.0
Total liabilities	623.5	499.6	541.7	527.9	63.8	77.0	1,229.0	1,104.5	- 472.0	- 460.2	757.0	644.3
Total investments in associates	-	-	7.4	6.8	-	-	7.4	6.8	0.3	0.3	7.7	7.1
Acquisitions	13.2	22.2	-	-	-	-	13.2	22.2	-	-	13.2	22.2
Additions to non-current assets	5.9	6.4	2.7	3.8	0.4	0.4	9.0	10.7	0.3	0.2	9.3	10.9
Amortisation	10.9	5.3	0.8	0.9	0.2	0.2	11.9	6.4	0.0	0.6	11.9	7.0
Depreciation	2.8	2.8	6.7	5.6	1.0	1.3	10.5	9.7	1.1	0.4	11.6	10.1
EBITA margin from ordinary activities *	8.2%	9.2%	0.6%	2.5%	0.4%	0.5%	4.1%	4.8%			4.0%	4.6%
Capital employed	487.9	321.6	274.2	320.2	95.1	117.2	857.2	759.0	17.6	26.1	874.8	785.1
Return on average capital employed	17.0%	27.8%	2.1%	8.6%	1.9%	2.0%					9.4%	14.1%

2. Segment reporting – results per country

	Netherlands		Poland		Nordics & Baltics		United States		Other countries		Consolidated	
(X € 1,000,000)	1st HY 2012	1st HY 2011	1st HY 2012	1st HY 2011	1st HY 2012	1st HY 2011	1st HY 2012	1st HY 2011	1st HY 2012	1st HY 2011	1st HY 2012	1st HY 2011
Net sales *	761.8	805.2	234.5	259.9	153.0	141.7	70.4	59.8	81.7	40.1	1,301.4	1,306.7
Capital employed	383.0	393.4	95.1	117.2	153.2	140.8	112.5	89.2	131.0	44.5	874.8	785.1
Total assets	593.4	558.5	181.2	200.9	228.0	226.5	136.0	117.0	189.4	74.1	1,328.0	1,177.0
Acquisitions	1.9	5.3	-	-	-	0.2	11.3	-	-	16.7	13.2	22.2
Additions to non/current assets	4.6	6.1	0.4	0.4	2.9	3.8	1.0	0.4	0.4	0.2	9.3	10.9

* 2011 includes change in presentation of revenues of two Swedish distribution contracts (see Annexe)

3. Changes in the composition of Mediq NV

In the first half year of 2012, Mediq NV completed acquisitions for a total amount of € 13.2 million, financed from a combination of own funds and credit facilities.

On 2 January 2012, Mediq acquired Multicare BV (trade name 'Diabeteswereld') in the Netherlands. Mediq bought 100% of the shares. Diabeteswereld is a specialised supplier of medical devices for diabetic patients. On 31 May 2012, Mediq acquired Diabetes Specialty Center (DSC) in the United States. DSC delivers insulin pumps, continuous glucose monitors and the related supplies to frequent-user, insulin-dependent diabetics. Mediq has been active in the US through Byram Healthcare since 2008.

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 € 6.2 million as at 30 June 2012. 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 € 9.5 million.

Cumulatively to June 2012, the acquired activities contributed € 3.7 million to sales, € 0.3 million to operating result and € 0.2 million to the net result. The acquisition costs are deemed immaterial. If the acquired activities had been included as of 1 January 2012, Mediq's consolidated sales for the first half year would have been an estimated € 1,317.8 million, the operating result € 42.0 million and the net result € 27.7 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 2012 amounted to € 3.0 million (first half year of 2011: € 3.7 million). Other income related to income for the provision of services and information, book results on the sale of assets and interest on loans receivable (related to loans issued that are classified as financial assets). The decrease of € 0.7 million compared to the prior year period is mainly due to the contribution from SSAO in the first half year of 2011.

5. Tax expense related to ordinary activities

The tax expense related to the result from ordinary activities for the first half year of 2012 amounted to € 7.3 million. This corresponds to an effective tax rate of 21.3%. This is 2.1% lower than the weighted average corporate income tax rate of 23.4% mainly due to the effect of the participation exemption.

6. Net earnings per share

Earnings per share are calculated by dividing the company's profit attributable to shareholders by the weighted average number of shares in issue during the period, excluding shares purchased by the company and held as treasury shares (note 11).

The average weighted number of shares outstanding in the first half year of 2012, excluding the shares held as treasury shares, was 57,241,037. Earnings per share attributable to shareholders for the first half year of 2012 were € 0.46 (2011: € 0.58). There was no dilution of earnings per share.

7. Property, plant and equipment

Property, plant and equipment amounted to € 110.1 million as at 30 June 2012 (31 December 2011: € 114.5 million). Of the decrease of € 4.4 million, € 11.6 million related to depreciation for the first half year of 2012 (first half year of 2011: € 10.1 million).

Disposals of property, plant and equipment in the first half year of 2012 amounted to € 1.5 million (first half year 2011: € 1.1 million).

Additions contributed € 7.3 million (first half year of 2011: € 7.3 million) and acquisitions € 0.9 million (first half year of 2011: € 0.3 million).

Other movements, including currency effects, had a limited effect on movements in property, plant and equipment in the first half year of 2012.

8. Goodwill

Goodwill as at 30 June 2012 amounted to € 484.0 million, up € 11.7 million from 31 December 2011. Acquisitions in the first half year of 2012 produced an increase of € 8.6 million, mainly as a result of the Diabetes Specialty Center acquisition in the US. Goodwill disposals amounted to € 1.8 million and related to the (partial) disposal of pharmacies in the Netherlands. Currency effects contributed € 4.9 million.

9. Current assets

Inventories
Inventories amounted to € 217.8 million as at 30 June 2012 (31 December 2011: € 241.7 million). The decrease of € 23.9 million is mainly attributable to a reduction in inventories at Pharmacies Poland. In the first half year of 2012 the provision for obsolescence increased by € 0.3 million.

Trade receivables
Trade receivables amounted to € 306.7 million as at 30 June 2012 (31 December 2011: € 344.2 million). The decrease of € 37.5 million is the result of timing differences in payment behaviour of customers and healthcare providers and lower sales at Pharmacies Poland and Pharmacies Netherlands. The provision for doubtful debts amounted to € 7.8 million as at 30 June 2012 (31 December 2011: € 10.1 million). The decrease of € 2.3 million is mainly attributable to an accounting reclassification between the provision for doubtful debts and net accounts receivable.

Other receivables
Other receivables amounted to € 41.6 million as at 30 June 2012 (31 December 2011: € 37.6 million).

10. Non-current assets held for sale

The company held no non-current assets for sale at 30 June 2012. The land and buildings from our former distribution centre in Germany, which were put up for sale as at 30 June 2011, were sold in December 2011.

11. Equity

Reference is made to 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.

(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 2012	60,500	15,125	92,029	107,154
Dividend paid out in shares	968	242	- 242	-
Balance at 30 June 2012	**61,468**	**15,367**	**91,787**	**107,154**

The payment of the final dividend for 2011 resulted in the issue of 967,874 shares, bringing the total number of shares outstanding as at 30 June 2012 to 61,467,591.

The company held 3,535,215 treasury shares on 30 June 2012 as a result of the consolidation of Stichting Samenwerking Apothekers OPG (SSAO) as of 28 July 2011. The General Meeting of Shareholders approved the cancellation of these shares formerly owned by SSAO on 23 April 2012. Upon expiry of the terms for appeal in the third quarter of 2012, the shares will be cancelled. The company did not purchase any shares in its own capital in the first half year of 2012.

12. Dividend distributions

Shareholders can elect to receive dividend in cash or in shares. In the first half year of 2012 € 8.1 million was distributed as cash dividend (first half year of 2011: € 10.9 million) and 967,874 (first half year of 2011: 526,868) shares were issued.

The interim cash dividend of 2011 amounted to € 0.15 per share (2010: € 0.15 per share) and the final cash dividend amounted to € 0.31 per share (2010: € 0.31 per share).

13. Deferred tax

Deferred tax totalled - € 3.9 million as at 30 June 2012 (31 December 2011: - € 4.2 million). Almost all of the decrease in the net deferred tax liability is related to the recognition of deferred tax assets in respect of tax losses offset by amortisation of goodwill for tax purposes.

14. Retirement and other employee benefit obligations

Retirement and other employee benefit obligations amounted to € 3.0 million as at 30 June 2012 (31 December 2011: € 2.8 million):

(X € 1,000,000)	30 June 2012	31 December 2011
Present value of funded obligations	1.9	312.0
Fair value of plan assets	-	310.8
Net retirement benefit obligation	**1.9**	**1.2**
Other employee benefits	1.1	1.6
Balance at end of period	**3.0**	**2.8**

In April 2012 the Dutch pension plan (Stichting Pensioenfonds Mediq) reached agreement on a new pension arrangement and the transfer of its funds and liabilities to the multi-employer plan PMA (Pensioenfonds Medewerkers Apotheken). The PMA plan already applies to all assistants in the Dutch Pharmacies of Mediq. At the date of the agreement the present value of funded obligations was € 322.2 million and the fair value of plan assets was € 315.8 million, resulting in a net retirement benefit obligation of € 6.4 million (31 December 2011: € 0.1 million). As we do not have access to information enabling defined benefit accounting with sufficient reliability, we account for the PMA plan as a defined contribution plan.

As a result of the above, the net retirement benefit obligation of € 6.4 million was derecognised and included in the income statement. An additional one-off funding contribution to the PMA was agreed of € 8.6 million for compensation for missed indexation from prior years and other transaction costs. This amount has been accrued and taken to the income statement as costs. Both amounts have been included in personnel costs with a net negative effect of € 2.2 million.

Of the remaining obligations, € 1.9 million relates to pension provisions in non-Dutch entities and € 1.1 million to the provision for future service anniversary payments.

15. Other provisions

Other provisions amounted to € 8.3 million as at 30 June 2012 (31 December 2011: € 8.4 million). The decrease by € 0.1 million was due to the utilisation of € 0.2 million and a release of € 1.2 million from provisions, partly offset by additions of € 0.7 million and other movements of € 0.6 million. The currency impact was negligible.

The utilisation of the provision relates primarily to staff redundancy schemes (reorganisation provision). The release mainly relates to a legal procedure that was finalised. The other movements relate to provisions accounted for as part of completed acquisitions.

The addition to the provision of € 0.7 million in the first half year of 2012 arose from a provision for redundancy costs, a provision for taxes 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 banks and one Scottish bank. 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. We comfortably satisfied the agreed criteria as at 30 June 2012.

17. Commitments not shown in the balance sheet

The financial statements 2011 include a discussion of the commitments not shown in the balance sheet. The commitments not shown in the balance sheet relate to lease commitments, rental commitments and other commitments. In the first half year of 2012, the total commitments increased by € 13 million to € 182 million (31 December 2011: € 169 million).

18. 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. In June 2012, Mr Visser stepped down from the Supervisory Board for personal reasons. He had been a member of the Supervisory Board since 2003. Further details of the succession will be announced at a later stage. The Annual Report 2011 contains a description of the main transactions and the remuneration policy for the members of the Management Board and the Supervisory Board. The Stichting Samenwerking Apothekers OPG (SSAO) was liquidated in September 2011 and, as a result, no longer qualifies as a related party.

Other transactions with related parties are summarised in the table below.

	TRANSACTION VALUE FOR 6 MONTHS ENDING 30 JUNE		BALANCE OUTSTANDING AT 30 JUNE	
(X € 1,000,000)	**2012**	**2011**	**2012**	**2011**
Sales of products and services				
Associates	7.3	8.0	0.9	1.1
Other related parties	2.3	2.6	0.2	0.3

19. Events after the balance sheet date

Subsequent to the date of the balance sheet no events that are material to the company as a whole occurred that require disclosure.

Annexe – Change in presentation of revenues Swedish distribution contracts

As a result of recent acquisitions, we have conducted an in-depth review of the presentation of the sales of distribution contracts, either on a fee-for-service basis ('net') or based on the underlying sales value of products ('gross') at the end of 2011. 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 2011 Annual report. Due to this change in presentation our net sales in the 2011 Annual Report are € 98 million, or - 4%, lower than presented in our quarterly press releases. The change in presentation has no effect on our EBITA for 2011. Net sales presented for 2010 will remain unchanged due to lower impact.

The table below provides a reconciliation between sales and margins presented on a gross basis (as included in the press releases on the results for Q1 up to and including Q4 2011) and a net basis of the two contracts (with effect from the 2011 Annual Report).

	Q1 2011		Q2 2011		HY 2011		Q3 2011		Q4 2011		FY 2011	
(X € 1,000,000)	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Mediq												
Net sales	672.4	647.8	684.4	658.9	1,356.8	1,306.7	671.8	649.9	727.3	701.1	2,755.9	2,657.7
EBITA	30.2	30.2	28.7	28.7	58.9	58.9	27.9	27.9	37.1	37.1	123.8	123.8
EBITA margin	4.5%	4.7%	4.2%	4.4%	4.3%	4.5%	4.2%	4.3%	5.1%	5.3%	4.5%	4.7%
D&I												
Net sales	282.5	258.0	298.6	273.0	581.1	531.0	304.7	282.8	336.7	310.5	1,222.5	1,124.3
EBITA	23.0	23.0	25.7	25.7	48.7	48.7	24.6	24.6	29.1	29.1	102.4	102.4
EBITA margin	8.1%	8.9%	8.6%	9.4%	8.4%	9.2%	8.1%	8.7%	8.6%	9.4%	8.4%	9.1%